

107TH CONGRESS  
1ST SESSION

# H. R. 3004

To combat the financing of terrorism and other financial crimes, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2001

Mr. OXLEY (for himself, Mr. LaFALCE, Mr. LEACH, Mrs. MALONEY of New York, Mrs. ROUKEMA, Mr. BENTSEN, Ms. HOOLEY of Oregon, Mr. BE-REUTER, Mr. BAKER, Mr. BACHUS, Mr. KING, Mrs. KELLY, Mr. GILLMOR, Mr. CANTOR, Mr. RILEY, Mr. LATOURETTE, Mr. GREEN of Wisconsin, and Mr. GRUCCI) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on the Judiciary, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To combat the financing of terrorism and other financial crimes, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Financial Anti-Terrorism Act of 2001”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING LAW ENFORCEMENT

- Sec. 101. Bulk cash smuggling into or out of the United States.
- Sec. 102. Forfeiture in currency reporting cases.
- Sec. 103. Interstate currency couriers.
- Sec. 104. Illegal money transmitting businesses.
- Sec. 105. Long-arm jurisdiction over foreign money launderers.
- Sec. 106. Laundering money through a foreign bank.
- Sec. 107. Specified unlawful activity for money laundering.
- Sec. 108. Laundering the proceeds of terrorism.
- Sec. 109. Violations of reporting requirements for nonfinancial trades and business.
- Sec. 110. Proceeds of foreign crimes.
- Sec. 111. Transfer of reporting requirements from section 6050I of the Internal Revenue Code of 1986 to title 31, United States Code.
- Sec. 112. Penalties for violations of geographic targeting orders and certain record keeping requirements.
- Sec. 113. Exclusion of aliens involved in money laundering.
- Sec. 114. Standing to contest forfeiture of funds deposited into foreign bank that has a correspondent account in the United States.
- Sec. 115. Subpoenas for records regarding funds in correspondent bank accounts.
- Sec. 116. Financial crimes enforcement network.
- Sec. 117. Customs service border searches.
- Sec. 118. Prohibition on false statements to financial institutions concerning the identity of a customer.
- Sec. 119. Verification of identification.

TITLE II—PUBLIC-PRIVATE COOPERATION

- Sec. 201. Establishment of highly secure website.
- Sec. 202. Report on improvements in data access.
- Sec. 203. Reports to the financial services industry on suspicious financial activities.
- Sec. 204. Efficient use of currency transaction report system.
- Sec. 205. Public-Private Task Force on Terrorist Financing Issues.
- Sec. 206. Deadline for suspicious activity reporting requirements for registered brokers and dealers.
- Sec. 207. Amendments relating to reporting of suspicious activities.
- Sec. 208. Authorization to include suspicions of illegal activity in written employment references.

TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING

- Sec. 301. Special measures for jurisdictions, financial institutions, or international transactions of primary money laundering concern.
- Sec. 302. International cooperation in investigations of money laundering, financial crimes, and the finances of terrorist groups.
- Sec. 303. Prohibition on acceptance of any bank instrument for unlawful Internet gambling.

Sec. 304. Internet gambling in or through foreign jurisdictions.

#### TITLE IV—CURRENCY PROTECTION

Sec. 401. Counterfeiting domestic currency and obligations.

Sec. 402. Counterfeiting foreign currency and obligations.

Sec. 403. Production of documents.

Sec. 404. Reimbursement.

## 1 **TITLE I—STRENGTHENING LAW** 2 **ENFORCEMENT**

### 3 **SEC. 101. BULK CASH SMUGGLING INTO OR OUT OF THE** 4 **UNITED STATES.**

5 (a) ENACTMENT OF BULK CASH SMUGGLING OF-  
6 FENSE.—Subchapter II of chapter 53 of title 31, United  
7 States Code, is amended by adding at the end the fol-  
8 lowing:

#### 9 **“§ 5331. Bulk cash smuggling into or out of the** 10 **United States**

11 “(a) CRIMINAL OFFENSE.—

12 “(1) IN GENERAL.—Whoever, with the intent to  
13 evade a currency reporting requirement under sec-  
14 tion 5316, knowingly conceals more than \$10,000 in  
15 currency or other monetary instruments on the per-  
16 son of such individual or in any conveyance, article  
17 of luggage, merchandise, or other container, and  
18 transports or transfers or attempts to transport or  
19 transfer such currency or monetary instruments  
20 from a place within the United States to a place out-  
21 side of the United States, or from a place outside  
22 the United States to a place within the United

1 States, shall be guilty of a currency smuggling of-  
2 fense and subject to punishment pursuant to sub-  
3 section (b).

4 “(2) CONCEALMENT ON PERSON.—For pur-  
5 poses of this section, the concealment of currency on  
6 the person of any individual includes concealment in  
7 any article of clothing worn by the individual or in  
8 any luggage, backpack, or other container worn or  
9 carried by such individual.

10 “(b) PENALTY.—

11 “(1) TERM OF IMPRISONMENT.—A person con-  
12 victed of a currency smuggling offense under sub-  
13 section (a), or a conspiracy to commit such offense,  
14 shall be imprisoned for not more than 5 years.

15 “(2) FORFEITURE.—In addition, the court, in  
16 imposing sentence under paragraph (1), shall order  
17 that the defendant forfeit to the United States, any  
18 property, real or personal, involved in the offense,  
19 and any property traceable to such property, subject  
20 to subsection (d) of this section.

21 “(3) PROCEDURE.—The seizure, restraint, and  
22 forfeiture of property under this section shall be gov-  
23 erned by section 413 of the Controlled Substances  
24 Act.

1           “(4) PERSONAL MONEY JUDGMENT.—If the  
2           property subject to forfeiture under paragraph (2) is  
3           unavailable, and the defendant has insufficient sub-  
4           stitute property that may be forfeited pursuant to  
5           section 413(p) of the Controlled Substances Act, the  
6           court shall enter a personal money judgment against  
7           the defendant for the amount that would be subject  
8           to forfeiture.

9           “(c) CIVIL FORFEITURE.—

10           “(1) IN GENERAL.—Any property involved in a  
11           violation of subsection (a), or a conspiracy to com-  
12           mit such violation, and any property traceable to  
13           such violation or conspiracy, may be seized and, sub-  
14           ject to subsection (d) of this section, forfeited to the  
15           United States.

16           “(2) PROCEDURE.—The seizure and forfeiture  
17           shall be governed by the procedures governing civil  
18           forfeitures in money laundering cases pursuant to  
19           section 981(a)(1)(A) of title 18, United States Code.

20           “(3) TREATMENT OF CERTAIN PROPERTY AS  
21           INVOLVED IN THE OFFENSE.—For purposes of this  
22           subsection and subsection (b), any currency or other  
23           monetary instrument that is concealed or intended  
24           to be concealed in violation of subsection (a) or a  
25           conspiracy to commit such violation, any article, con-

1 tainer, or conveyance used, or intended to be used,  
2 to conceal or transport the currency or other mone-  
3 tary instrument, and any other property used, or in-  
4 tended to be used, to facilitate the offense, shall be  
5 considered property involved in the offense.

6 “(d) PROPORTIONALITY OF FORFEITURE.—

7 “(1) IN GENERAL.—Upon a showing by the  
8 property owner by a preponderance of the evidence  
9 that the currency or monetary instruments involved  
10 in the offense giving rise to the forfeiture were de-  
11 rived from a legitimate source, and were intended  
12 for a lawful purpose, the court shall reduce the for-  
13 feiture to the maximum amount that is not grossly  
14 disproportional to the gravity of the offense.

15 “(2) FACTORS TO BE CONSIDERED.—In deter-  
16 mining the amount of the forfeiture, the court shall  
17 consider all aggravating and mitigating facts and  
18 circumstances that have a bearing on the gravity of  
19 the offense, including the following:

20 “(A) The value of the currency or other  
21 monetary instruments involved in the offense.

22 “(B) Efforts by the person committing the  
23 offense to structure currency transactions, con-  
24 ceal property, or otherwise obstruct justice.

1                   “(C) Whether the offense is part of a pat-  
 2                   tern of repeated violations of Federal law.”.

3           (b) CONFORMING AMENDMENT.—The table of sec-  
 4           tions for subchapter II of chapter 53 of title 31, United  
 5           States Code, is amended by inserting after the item relat-  
 6           ing to section 5330, the following new item:

          “5331. Bulk cash smuggling into or out of the United States.”.

7   **SEC. 102. FORFEITURE IN CURRENCY REPORTING CASES.**

8           (a) IN GENERAL.—Subsection (c) of section 5317 of  
 9           title 31, United States Code, is amended to read as fol-  
 10          lows:

11          “(c) FORFEITURE.—

12               “(1) IN GENERAL.—The court in imposing sen-  
 13               tence for any violation of section 5313, 5316, or  
 14               5324, or any conspiracy to commit such violation,  
 15               shall order the defendant to forfeit all property, real  
 16               or personal, involved in the offense and any property  
 17               traceable thereto.

18               “(2) PROCEDURE.—Forfeitures under this sub-  
 19               section shall be governed by the procedures estab-  
 20               lished in section 413 of the Controlled Substances  
 21               Act and the guidelines established in paragraph (4).

22               “(3) CIVIL FORFEITURE.—Any property in-  
 23               volved in a violation of section 5313, 5316, or 5324,  
 24               or any conspiracy to commit any such violation, and  
 25               any property traceable to any such violation or con-

1       spiracy, may be seized and, subject to paragraph  
2       (4), forfeited to the United States in accordance  
3       with the procedures governing civil forfeitures in  
4       money laundering cases pursuant to section  
5       981(a)(1)(A) of title 18, United States Code.

6               “(4) PROPORTIONALITY OF FORFEITURE.—

7               “(A) IN GENERAL.—Upon a showing by  
8       the property owner by a preponderance of the  
9       evidence that any currency or monetary instru-  
10      ments involved in the offense giving rise to the  
11      forfeiture were derived from a legitimate source,  
12      and were intended for a lawful purpose, the  
13      court shall reduce the forfeiture to the max-  
14      imum amount that is not grossly dispropor-  
15      tional to the gravity of the offense.

16              “(B) FACTORS TO BE CONSIDERED.—In  
17      determining the amount of the forfeiture, the  
18      court shall consider all aggravating and miti-  
19      gating facts and circumstances that have a  
20      bearing on the gravity of the offense, including  
21      the following:

22              “(i) The value of the currency or  
23              other monetary instruments involved in the  
24              offense.



1                   “(ii) Efforts by the person committing  
2                   the offense to structure currency trans-  
3                   actions, conceal property, or otherwise ob-  
4                   struct justice.

5                   “(iii) Whether the offense is part of a  
6                   pattern of repeated violations of Federal  
7                   law.”.

8           (b) CONFORMING AMENDMENTS.—(1) Section  
9   981(a)(1)(A) of title 18, United States Code, is amended  
10 by striking “of section 5313(a) or 5324(a) of title 31, or”.

11           (2) Section 982(a)(1) of title 18, United States Code,  
12 is amended by striking “of 5313(a), 5316, or 5324 of title  
13 31, or”.

14 **SEC. 103. INTERSTATE CURRENCY COURIERS.**

15           Section 1957 of title 18, United States Code, is  
16 amended by adding at the end the following new sub-  
17 section:

18           “(g) Any person who conceals more than \$10,000 in  
19 currency on his or her person, in any vehicle, in any com-  
20 partment or container within any vehicle, or in any con-  
21 tainer placed in a common carrier, and transports, at-  
22 tempts to transport, or conspires to transport such cur-  
23 rency in interstate commerce on any public road or high-  
24 way or on any bus, train, airplane, vessel, or other com-  
25 mon carrier, knowing that the currency was derived from

1 some form of unlawful activity, or knowing that the cur-  
 2 rency was intended to be used to promote some form of  
 3 unlawful activity, shall be punished as provided in sub-  
 4 section (b). The defendant's knowledge may be established  
 5 by proof that the defendant was willfully blind to the  
 6 source or intended use of the currency. For purposes of  
 7 this subsection, the concealment of currency on the person  
 8 of any individual includes concealment in any article of  
 9 clothing worn by the individual or in any luggage, back-  
 10 pack, or other container worn or carried by such indi-  
 11 vidual.”.

12 **SEC. 104. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

13 (a) SCIENTER REQUIREMENT FOR SECTION 1960  
 14 VIOLATION.—Section 1960(b)(1)(A) of title 18, United  
 15 States Code, is amended by inserting “, whether or not  
 16 the defendant knew the operation was so punishable” be-  
 17 fore the semicolon at the end.

18 (b) SEIZURE OF ILLEGALLY TRANSMITTED  
 19 FUNDS.—Section 981(a)(1)(A) of title 18, United States  
 20 Code, is amended by striking “or 1957” and inserting “,  
 21 1957 or 1960”.

22 **SEC. 105. LONG-ARM JURISDICTION OVER FOREIGN MONEY**  
 23 **LAUNDERERS.**

24 Section 1956(b) of title 18, United States Code, is  
 25 amended—

1           (1) by striking “(b) Whoever” and inserting  
2           “(b)(1) Whoever”;

3           (2) by redesignating paragraphs (1) and (2) as  
4           subparagraphs (A) and (B), respectively;

5           (3) by striking “subsection (a)(1) or (a)(3),”  
6           and inserting “subsection (a)(1) or (a)(3)(2) or sec-  
7           tion 1957,”; and

8           (4) by adding at the end the following new  
9           paragraph:

10           “(2) For purposes of adjudicating an action  
11           filed or enforcing a penalty ordered under this sec-  
12           tion, the district courts shall have jurisdiction over  
13           any foreign person, including any financial institu-  
14           tion authorized under the laws of a foreign country,  
15           against whom the action is brought, if—

16                   “(A) service of process upon such foreign  
17                   person is made under the Federal Rules of Civil  
18                   Procedure or the laws of the country where the  
19                   foreign person is found; and

20                   “(B) the foreign person—

21                           “(i) commits an offense under sub-  
22                           section (a) involving a financial transaction  
23                           that occurs in whole or in part in the  
24                           United States;

1                   “(ii) converts to such person’s own  
2                   use property in which the United States  
3                   has an ownership interest by virtue of the  
4                   entry of an order of forfeiture by a court  
5                   of the United States; or

6                   “(iii) is a financial institution that  
7                   maintains a correspondent bank account at  
8                   a financial institution in the United States.

9                   “(3) The court may issue a pretrial restraining  
10                  order or take any other action necessary to ensure  
11                  that any bank account or other property held by the  
12                  defendant in the United States is available to satisfy  
13                  a judgment under this section.”.

14 **SEC. 106. LAUNDERING MONEY THROUGH A FOREIGN**  
15 **BANK.**

16                  Section 1956(c)(6) of title 18, United States Code,  
17 is amended to read as follows:

18                  “(6) the term ‘financial institution’ includes any  
19                  financial institution described in section 5312(a)(2)  
20                  of title 31, United States Code, or the regulations  
21                  promulgated thereunder, as well as any foreign  
22                  bank, as defined in paragraph (7) of section 1(b) of  
23                  the International Banking Act of 1978 (12 U.S.C.  
24                  3101(7)).”.

1 **SEC. 107. SPECIFIED UNLAWFUL ACTIVITY FOR MONEY**  
2 **LAUNDERING.**

3 (a) IN GENERAL.—Section 1956(c)(7) of title 18,  
4 United States Code, is amended—

5 (1) in subparagraph (B)—

6 (A) so that clause (ii) reads as follows:

7 “(ii) any act or acts constituting a  
8 crime of violence, as defined in Section 16  
9 of this title;” and

10 (B) by inserting after clause (iii) the fol-  
11 lowing:

12 “(iv) fraud or any scheme to defraud  
13 committed against an individual or entity  
14 (other than a foreign government or gov-  
15 ernment entity) provided such conduct  
16 would constitute a fraud or scheme to de-  
17 fraud under the laws of the United States  
18 or its constituent parts if committed in the  
19 United States;

20 “(v) fraud or any scheme to defraud  
21 against a foreign government or foreign  
22 government entity, if such conduct would  
23 constitute a violation of this title if it were  
24 committed in interstate commerce in the  
25 United States and against the United

1 States Government or a United States gov-  
2 ernmental entity;

3 “(vi) bribery of a public official, or  
4 the misappropriation, theft, or embezzle-  
5 ment of public funds by or for the benefit  
6 of a public official;

7 “(vii) smuggling or export control vio-  
8 lations involving munitions listed in the  
9 United States Munitions List or tech-  
10 nologies with military applications as de-  
11 fined in the Commerce Control List of the  
12 Export Administration Regulations; or

13 “(viii) an offense with respect to  
14 which the United States would be obligated  
15 by a multilateral treaty either to extradite  
16 the alleged offender or to submit the case  
17 for prosecution, if the offender were found  
18 within the territory of the United States.”;

19 and

20 (2) in subparagraph (D)—

21 (A) by inserting “section 541 (relating to  
22 goods falsely classified),” before “section 542”;

23 (B) by inserting “section 922(1) (relating  
24 to the unlawful importation of firearms), sec-

1           tion 924(n) (relating to firearms trafficking),”  
 2           before “section 956”;

3           (C) by inserting “section 1030 (relating to  
 4           computer fraud and abuse),” before “1032”;

5           (D) by inserting “any felony violation of  
 6           the Foreign Agents Registration Act of 1938,  
 7           as amended,” before “or any felony violation of  
 8           the Foreign Corrupt Practices Act”; and

9           (E) by striking “fraud in the sale of secu-  
 10          rities” and inserting “fraud in the purchase or  
 11          sale of securities”.

12 **SEC. 108. LAUNDERING THE PROCEEDS OF TERRORISM.**

13          Section 1956(c)(7)(D) of title 18, United States  
 14          Code, is amended by inserting “or 2339B” after “2339A”.

15 **SEC. 109. VIOLATIONS OF REPORTING REQUIREMENTS FOR**  
 16 **NONFINANCIAL TRADES AND BUSINESS.**

17          (a) CIVIL FORFEITURE.—Section 981(a)(1)(A) of  
 18          title 18, United States Code, is amended—

19               (1) by inserting “section 6050I of the Internal  
 20          Revenue Code of 1986, or” after “in violation of”;  
 21          and

22               (2) by striking “or 5324(a)” and inserting “,  
 23          5324(a), or 5332”.

24          (b) CRIMINAL FORFEITURE.—Section 982(a)(1) of  
 25          title 18, United States Code, is amended—

1           (1) by inserting “section 6050I of the Internal  
2       Revenue Code of 1986, or” after “in violation of”;  
3       and

4           (2) by striking “or 5324” and inserting  
5       “, 5324, or 5332”.

6       **SEC. 110. PROCEEDS OF FOREIGN CRIMES.**

7       Section 981(a)(1)(B) of title 18, United States Code,  
8       is amended to read as follows:

9           “(B) Any property, real or personal, within  
10       the jurisdiction of the United States, consti-  
11       tuting, derived from, or traceable to, any pro-  
12       ceeds obtained directly or indirectly from an of-  
13       fense against a foreign nation, or any property  
14       used to facilitate such offense, if—

15           “(i) the offense involves the manufac-  
16       ture, importation, sale, or distribution of a  
17       controlled substance (as such term is de-  
18       fined for the purposes of the Controlled  
19       Substances Act), or any other conduct de-  
20       scribed in section 1956(c)(7)(B),

21           “(ii) the offense would be punishable  
22       within the jurisdiction of the foreign nation  
23       by death or imprisonment for a term ex-  
24       ceeding one year, and



1 “(iii) the offense would be punishable  
 2 under the laws of the United States by im-  
 3 prisonment for a term exceeding one year  
 4 if the act or activity constituting the of-  
 5 fense had occurred within the jurisdiction  
 6 of the United States.”.

7 **SEC. 111. TRANSFER OF REPORTING REQUIREMENTS FROM**  
 8 **SECTION 6050I OF THE INTERNAL REVENUE**  
 9 **CODE OF 1986 TO TITLE 31, UNITED STATES**  
 10 **CODE.**

11 (a) REENACTMENT OF SECTION 6050I.—Subchapter  
 12 II of chapter 53 of title 31, United States Code, is amend-  
 13 ed by inserting after section 5331 (as added by section  
 14 101 of this title) the following new section:

15 **“SEC. 5332. REPORTS RELATING TO COINS AND CURRENCY**  
 16 **RECEIVED IN NONFINANCIAL TRADE OR**  
 17 **BUSINESS.**

18 “(a) COIN AND CURRENCY RECEIPTS OF MORE  
 19 THAN \$10,000.—Any person—

20 “(1) who is engaged in a trade or business; and

21 “(2) who, in the course of such trade or busi-  
 22 ness, receives more than \$10,000 in coins or cur-  
 23 rency in 1 transaction (or 2 or more related trans-  
 24 actions),

1 shall file a report described in subsection (b) with respect  
 2 to such transaction (or related transactions) at such time  
 3 as the Secretary may by regulations prescribe.

4 “(b) FORM AND MANNER OF REPORTS.—A report is  
 5 described in this subsection if such report—

6 “(1) is in such form as the Secretary may pre-  
 7 scribe;

8 “(2) contains—

9 “(A) the name, address, and taxpayer  
 10 identification number of the person from whom  
 11 the coins or currency was received;

12 “(B) the amount of coins or currency re-  
 13 ceived;

14 “(C) the date and nature of the trans-  
 15 action; and

16 “(D) such other information as the Sec-  
 17 retary may prescribe.

18 “(c) EXCEPTIONS.—

19 “(1) AMOUNTS RECEIVED BY FINANCIAL INSTI-  
 20 TUTIONS.—Subsection (a) shall not apply to  
 21 amounts received in a transaction reported under  
 22 section 5313 and regulations prescribed under such  
 23 section.

24 “(2) TRANSACTIONS OCCURRING OUTSIDE THE  
 25 UNITED STATES.—Except to the extent provided in

1 regulations prescribed by the Secretary, subsection  
2 (a) shall not apply to any transaction if the entire  
3 transaction occurs outside the United States.

4 “(d) CURRENCY INCLUDES FOREIGN CURRENCY AND  
5 CERTAIN MONETARY INSTRUMENTS.—

6 “(1) IN GENERAL.—For purposes of this sec-  
7 tion, the term ‘currency’ includes—

8 “(A) foreign currency; and

9 “(B) to the extent provided in regulations  
10 prescribed by the Secretary, any monetary in-  
11 strument (whether or not in bearer form) with  
12 a face amount of not more than \$10,000.

13 “(2) SCOPE OF APPLICATION.—Paragraph  
14 (1)(B) shall not apply to any check drawn on the ac-  
15 count of the writer in a financial institution referred  
16 to in subparagraph (A), (B), (C), (D), (E), (F), (G),  
17 (J), (K), (R), or (S) of section 5312(a)(2).

18 “(e) COINS OR CURRENCY RECEIVED BY CRIMINAL  
19 COURT CLERKS.—

20 “(1) IN GENERAL.—Every clerk of a Federal or  
21 State criminal court who receives more than \$10,000  
22 in coins or currency as bail for any individual  
23 charged with a specified criminal offense shall file a  
24 report described in paragraph (2) (at such time as

1 the Secretary may by regulations prescribe) with re-  
2 spect to the receipt of such bail.

3 “(2) REPORT.—A report is described in this  
4 paragraph if such report—

5 “(A) is in such form as the Secretary may  
6 prescribe; and

7 “(B) contains—

8 “(i) the name, address, and taxpayer  
9 identification number of—

10 “(I) the individual charged with  
11 the specified criminal offense; and

12 “(II) each person posting the bail  
13 (other than a person licensed as a bail  
14 bondsman);

15 “(ii) the amount of coins or currency  
16 received;

17 “(iii) the date the coins or currency  
18 was received; and

19 “(iv) such other information as the  
20 Secretary may prescribe.

21 “(3) SPECIFIED CRIMINAL OFFENSE.—For pur-  
22 poses of this subsection, the term ‘specified criminal  
23 offense’ means—

24 “(A) any Federal criminal offense involv-  
25 ing a controlled substance;

1           “(B) racketeering (as defined in section  
2           1951, 1952, or 1955 of title 18, United States  
3           Code);

4           “(C) money laundering (as defined in sec-  
5           tion 1956, 1957 or 1960 of such title); and

6           “(D) any State criminal offense substan-  
7           tially similar to an offense described in sub-  
8           paragraph (A), (B), or (C).

9           “(4) INFORMATION TO FEDERAL PROSECU-  
10          TORS.—Each clerk required to include in a report  
11          under paragraph (1) the information described in  
12          paragraph (2)(B) with respect to an individual de-  
13          scribed in paragraph (2)(B)(i)(I) shall furnish (at  
14          such time as the Secretary may by regulations pre-  
15          scribe) a written statement showing such informa-  
16          tion to the United States Attorney for the jurisdic-  
17          tion in which such individual resides and the juris-  
18          diction in which the specified criminal offense oc-  
19          curred.

20          “(5) INFORMATION TO PAYORS OF BAIL.—Each  
21          clerk required to file a report under paragraph (1)  
22          shall furnish (at such time as the Secretary may by  
23          regulations prescribe) to each person whose name is  
24          required to be set forth in such report by reason of

1 paragraph (2)(B)(i)(II) a written statement  
2 showing—

3 “(A) the name and address of the clerk’s  
4 office required to file the report; and

5 “(B) the aggregate amount of coins and  
6 currency described in paragraph (1) received by  
7 such clerk.”.

8 (b) PROHIBITION ON STRUCTURING TRANS-  
9 ACTIONS.—

10 (1) IN GENERAL.—Section 5324 of title 31,  
11 United States Code, is amended—

12 (A) by redesignating subsections (b) and  
13 (c) as subsections (c) and (d), respectively; and

14 (B) by inserting after subsection (a) the  
15 following new subsection:

16 “(b) DOMESTIC COIN AND CURRENCY TRANS-  
17 ACTIONS INVOLVING NONFINANCIAL TRADES OR BUSI-  
18 NESSES.—No person shall for the purpose of evading the  
19 report requirements of section 5332 or any regulation pre-  
20 scribed under such section—

21 “(1) cause or attempt to cause a nonfinancial  
22 trade or business to fail to file a report required  
23 under section 5332 or any regulation prescribed  
24 under such section;

1 “(2) cause or attempt to cause a nonfinancial  
 2 trade or business to file a report required under sec-  
 3 tion 5332 or any regulation prescribed under such  
 4 section that contains a material omission or  
 5 misstatement of fact; or

6 “(3) structure or assist in structuring, or at-  
 7 tempt to structure or assist in structuring, any  
 8 transaction with 1 or more nonfinancial trades or  
 9 businesses.”.

10 (2) TECHNICAL AND CONFORMING AMEND-  
 11 MENTS.—

12 (A) The heading for subsection (a) of sec-  
 13 tion 5324 of title 31, United States Code, is  
 14 amended by inserting “INVOLVING FINANCIAL  
 15 INSTITUTIONS” after “TRANSACTIONS”.

16 (B) Section 5317(c) of title 31, United  
 17 States Code, is amended by striking “5324(b)”  
 18 and inserting “5324(c)”.

19 (c) DEFINITION OF NONFINANCIAL TRADE OR BUSI-  
 20 NESS.—

21 (1) IN GENERAL.—Section 5312(a) of title 31,  
 22 United States Code, is amended—

23 (A) by redesignating paragraphs (4) and  
 24 (5) as paragraphs (5) and (6), respectively; and

1 (B) by inserting after paragraph (3) the  
2 following new paragraph:

3 “(4) NONFINANCIAL TRADE OR BUSINESS.—  
4 The term ‘nonfinancial trade or business’ means any  
5 trade or business other than a financial institution  
6 that is subject to the reporting requirements of sec-  
7 tion 5313 and regulations prescribed under such sec-  
8 tion.”.

9 (2) TECHNICAL AND CONFORMING AMEND-  
10 MENTS.—

11 (A) Section 5312(a)(3)(C) of title 31,  
12 United States Code, is amended by striking  
13 “section 5316,” and inserting “sections 5332  
14 and 5316,”.

15 (B) Subsections (a) through (f) of section  
16 5318 of title 31, United States Code, and sec-  
17 tions 5321, 5326, and 5328 of such title are  
18 each amended—

19 (i) by inserting “or nonfinancial trade  
20 or business” after “financial institution”  
21 each place such term appears; and

22 (ii) by inserting “or nonfinancial  
23 trades or businesses” after “financial insti-  
24 tutions” each place such term appears.



1 (C) Section 981(a)(1)(A) of title 18,  
 2 United States Code, is amended by striking  
 3 “5313(a) or 5324(a) of title 31,” and inserting  
 4 “5313(a) or 5332 of title 31, or subsection (a)  
 5 or (b) of section 5324 of such title,”.

6 (D) Section 982(a)(1) of title 18, United  
 7 States Code, is amended by inserting “5332,”  
 8 after “5313(a),”.

9 (d) REPEAL OF DUPLICATE PROVISION.—Section  
 10 6050I of the Internal Revenue Code of 1986 is hereby re-  
 11 pealed.

12 (e) CLERICAL AMENDMENTS.—The tables of sections  
 13 for chapter 53 of title 31, United States Code, is amended  
 14 by inserting after the item relating to section 5331 (as  
 15 added by section 101 of this title) the following new item:

“5332. Reports relating to coins and currency received in nonfinancial trade or  
 business.”.

16 (2) INTERNAL REVENUE CODE OF 1986.—

17 (A) The table of sections for subpart B of  
 18 part III of subchapter A of chapter 61 of the  
 19 Internal Revenue Code of 1986 is amended by  
 20 striking the item relating to section 6050I.

21 (B)(i) Subsection (l) of section 6103 of  
 22 such Code is amended by striking paragraph  
 23 (15).

1                   (ii) Subparagraph (A) of section  
2                   6103(p)(3) of such Code is amended by  
3                   striking “(15),”.

4                   (iii) Paragraph (4) of section 6103(p)  
5                   of such Code is amended by striking in the  
6                   material preceding subparagraph (A)  
7                   “(12)” and all that follows through “(16)”  
8                   and inserting “(12), or (16)”.

9                   (iv) Clause (ii) of section  
10                  6103(p)(4)(F) of such Code is amended by  
11                  striking “(14), or (15)” and inserting “or  
12                  (14)”.

13                 (C) Paragraph (2) of section 6721(e) of  
14                 such Code is amended—

15                   (i) in subparagraph (A) by striking  
16                   “6050I,” and by adding “or” at the end,

17                   (ii) by striking “or” at the end of sub-  
18                   paragraph (B) and inserting “and”, and

19                   (iii) by striking subparagraph (C).

20                 (D) Subparagraph (B) of section  
21                 6724(d)(1) of such Code is amended by striking  
22                 clause (iv) and by redesignating the succeeding  
23                 clauses accordingly.

24                 (E) Paragraph (2) of section 6724(d) of  
25                 such Code is amended by striking subparagraph

1 (K) and by redesignating the succeeding sub-  
2 paragraphs accordingly.

3 (F) Section 7203 of such Code is amended  
4 by striking the last sentence.

5 (f) REGULATIONS; EFFECTIVE DATE.—

6 (1) REGULATIONS.—Regulations which the Sec-  
7 retary of the Treasury determines are necessary to  
8 implement this section shall be published in final  
9 form before the end of the 6-month period beginning  
10 on the date of the enactment of this Act.

11 (2) EFFECTIVE DATE.—The amendments made  
12 by this section shall take effect immediately upon  
13 enactment, except that the reporting obligations  
14 mandated by Title 26, United States Code, Section  
15 6050I shall not be repealed until the regulations  
16 mandated by Title 31, United States Code, Section  
17 5332 become effective.

18 **SEC. 112. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC**  
19 **TARGETING ORDERS AND CERTAIN RECORD**  
20 **KEEPING REQUIREMENTS.**

21 (a) CIVIL PENALTY FOR VIOLATION OF TARGETING  
22 ORDER.—Section 5321(a)(1) of title 31, United States  
23 Code, is amended—

24 (1) by inserting “or order issued” after “sub-  
25 chapter or a regulation prescribed”; and

1           (2) by inserting “, or willfully violating a regu-  
 2           lation prescribed under section 21 of the Federal  
 3           Deposit Insurance Act or section 123 of Public Law  
 4           91–508,” after “section 5314 and 5315”).

5           (b) CRIMINAL PENALTIES FOR VIOLATION OF TAR-  
 6           GETING ORDER.—

7           Section 5322 of title 31, United States Code, is  
 8           amended—

9           (1) in subsection (a)—

10                 (A) by inserting “or order issued” after  
 11                 “willfully violating this subchapter or a regula-  
 12                 tion prescribed”; and

13                 (B) by inserting “or willfully violating a  
 14                 regulation prescribed under section 21 of the  
 15                 Federal Deposit Insurance Act or section 123  
 16                 of Public Law 91–508,” after “under section  
 17                 5315 or 5324),”;

18           (2) in subsection (b)—

19                 (A) by inserting “or order issued” after  
 20                 “willfully violating this subchapter or a regula-  
 21                 tion prescribed”; and

22                 (B) by inserting “willfully violating a regu-  
 23                 lation prescribed under section 21 of the Fed-  
 24                 eral Deposit Insurance Act or section 123 of

1           Public Law 91–508,” after “under section 5315  
2           or 5324),”;

3           (c) STRUCTURING TRANSACTIONS TO EVADE TAR-  
4   GETING ORDER OR CERTAIN RECORD KEEPING REQUIRE-  
5   MENTS.—Section 5324(a) of title 31, United States Code,  
6   is amended—

7           (1) by inserting a comma after “shall”;

8           (2) by striking “section—” and inserting “sec-  
9   tion, the reporting requirements imposed by any  
10   order issued under section 5326, or the record keep-  
11   ing requirements imposed by any regulation pre-  
12   scribed under section 21 of the Federal Deposit In-  
13   surance Act or section 123 of Public Law 91–508—  
14   ”; and

15          (3) in paragraphs (1) and (2), by inserting “,  
16   to file a report required by any order issued under  
17   section 5326, or to maintain a record required pur-  
18   suant to any regulation prescribed under section 21  
19   of the Federal Deposit Insurance Act or section 123  
20   of Public Law 91–508” after “regulation prescribed  
21   under any such section” each place that term ap-  
22   pears.

23          (d) INCREASE IN CIVIL PENALTIES FOR VIOLATION  
24   OF CERTAIN RECORD KEEPING REQUIREMENTS.—

1 (1) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
 2 tion 21(j)(1) of the Federal Deposit Insurance Act  
 3 (12 U.S.C. 1829b(j)(1)) is amended by striking  
 4 “\$10,000” and inserting “the greater of—

5 “(A) the amount (not to exceed \$100,000)  
 6 involved in the transaction (if any) with respect  
 7 to which the violation occurred; or

8 “(B) \$25,000”.

9 (2) PUBLIC LAW 91–508.—Section 125(a) of  
 10 Public Law 91–508 (12 U.S.C. 1955(a)) is amended  
 11 by striking “\$10,000” and inserting “the greater  
 12 of—

13 “(1) the amount (not to exceed \$100,000) in-  
 14 volved in the transaction (if any) with respect to  
 15 which the violation occurred; or

16 “(2) \$25,000”.

17 (e) CRIMINAL PENALTIES FOR VIOLATION OF CER-  
 18 TAIN RECORD KEEPING REQUIREMENTS.—

19 (1) SECTION 126.—Section 126 of Public Law  
 20 91–508 (12 U.S.C. 1956) is amended to read as fol-  
 21 lows:

22 **“SEC. 126. CRIMINAL PENALTY.**

23 “A person that willfully violates this chapter, section  
 24 21 of the Federal Deposit Insurance Act, or a regulation  
 25 prescribed under this chapter or that section 21, shall be

1 fined not more than \$250,000, or imprisoned for not more  
2 than 5 years, or both.”.

3 (2) SECTION 127.—Section 127 of Public Law  
4 91–508 (12 U.S.C. 1957) is amended to read as fol-  
5 lows:

6 **“SEC. 127. ADDITIONAL CRIMINAL PENALTY IN CERTAIN**  
7 **CASES.**

8 “A person that willfully violates this chapter, section  
9 21 of the Federal Deposit Insurance Act, or a regulation  
10 prescribed under this chapter or that section 21, while vio-  
11 lating another law of the United States or as part of a  
12 pattern of any illegal activity involving more than  
13 \$100,000 in a 12-month period, shall be fined not more  
14 than \$500,000, imprisoned for not more than 10 years,  
15 or both.”.

16 **SEC. 113. EXCLUSION OF ALIENS INVOLVED IN MONEY**  
17 **LAUNDERING.**

18 (a) IN GENERAL.—Section 212 of the Immigration  
19 and Nationality Act of 1952, as amended (8 U.S.C. 1182),  
20 is amended in subsection (a)(2)—

21 (1) by redesignating subparagraphs (D), (E)  
22 and (F) as subparagraphs (F), (G) and (I), respec-  
23 tively; and

24 (2) by inserting after subparagraph (C) new  
25 subparagraphs (D) and (E) to read as follows:

1 “(D) MONEY LAUNDERING ACTIVITIES.—

2 Any alien who the consular officer or the Attor-  
 3 ney General knows or has reason to believe—

4 “(i) is or has been engaged in activi-  
 5 ties which if engaged in within the United  
 6 States would constitute a violation of the  
 7 money laundering provisions section 1956  
 8 or 1957 of title 18, United States Code, or  
 9 has knowingly assisted, abetted, or con-  
 10 spired or colluded with others in any such  
 11 illicit activity; or

12 “(ii) is the spouse, son or daughter of  
 13 an alien inadmissible under clause (i), has,  
 14 within the previous 5 years, obtained any  
 15 financial or other benefit from such illicit  
 16 activity of that alien, and knew or reason-  
 17 ably should have known that the financial  
 18 or other benefit was the product of such il-  
 19 licit activity, is inadmissible.

20 (b) CONFORMING AMENDMENT.—Section  
 21 212(h)(1)(A)(i) of the Immigration and Nationality Act  
 22 of 1952, as amended (8 U.S.C. 1182), is amended by  
 23 striking “(D)(i) or (D)(ii)” and inserting “(E)(i) or  
 24 (E)(ii)”.



1 **SEC. 114. STANDING TO CONTEST FORFEITURE OF FUNDS**  
2 **DEPOSITED INTO FOREIGN BANK THAT HAS A**  
3 **CORRESPONDENT ACCOUNT IN THE UNITED**  
4 **STATES.**

5 Section 981 of title 18, United States Code, is  
6 amended by adding the following after the last subsection:

7 “(k) CORRESPONDENT BANK ACCOUNTS.—

8 “(1) For the purpose of a forfeiture under this  
9 section or under the Controlled Substances Act, if  
10 funds are deposited into a dollar-denominated bank  
11 account in a foreign financial institution, and that  
12 foreign financial institution has a correspondent ac-  
13 count with a financial institution in the United  
14 States, the funds deposited into the foreign financial  
15 institution (the respondent bank) shall be deemed to  
16 have been deposited into the correspondent account  
17 in the United States, and any restraining order, sei-  
18 zure warrant, or arrest warrant in rem regarding  
19 such funds may be served on the correspondent  
20 bank, and funds in the correspondent account up to  
21 the value of the funds deposited into the dollar-de-  
22 nominated account in the foreign financial institu-  
23 tion may be seized, arrested or restrained.

24 “(2) In the circumstances where paragraph (1)  
25 applies, if a forfeiture action is brought against the  
26 funds that are seized, arrested, or restrained, it shall

1 not be necessary for the government to establish  
2 that such funds are directly traceable to the funds  
3 that were deposited into the respondent bank, nor  
4 shall it be necessary for the Government to rely on  
5 the application of Section 984 of this title.

6 “(3) If a forfeiture action is instituted against  
7 funds seized, arrested or restrained pursuant to  
8 paragraph (1), the owner of the funds, as that term  
9 is defined in paragraph (4), may contest the for-  
10 feiture by filing a claim pursuant to section 983 of  
11 this title.

12 “(4) For purposes of this subsection—

13 “(A) except as provided in (C), the ‘owner  
14 of the funds’ is the ‘owner,’ as that term is de-  
15 fined in Section 983(d)(6), whose funds were  
16 deposited into the respondent bank;

17 “(B) If the respondent bank received the  
18 funds that are subject to forfeiture from an-  
19 other respondent bank, the “owner of the  
20 funds” is the ‘owner’ whose funds were depos-  
21 ited into the first respondent bank, and each  
22 intermediary financial institution shall be  
23 deemed a respondent bank;

24 “(C) the respondent bank may be consid-  
25 ered the ‘owner of the funds’ only if—

1 “(i) the basis for the forfeiture action  
 2 is wrongdoing committed by the respond-  
 3 ent bank, or

4 “(ii) the respondent bank establishes,  
 5 by a preponderance of the evidence, that  
 6 prior to the seizure or arrest of the funds,  
 7 the respondent bank discharged all or part  
 8 its obligation to the owner of the funds, in  
 9 which case the respondent bank will be  
 10 deemed the owner of the funds to the ex-  
 11 tent that such obligation was satisfied.

12 “(D) In cases where (C) applies, only the  
 13 respondent bank may be considered to be the  
 14 “owner of the funds.”

15 “(5) “In this section, ‘correspondent account’  
 16 has the same meaning as the term ‘interbank ac-  
 17 count’ as defined in 18 U.S.C. “ 984(c)(2)(B).”

18 **SEC. 115. SUBPOENAS FOR RECORDS REGARDING FUNDS**

19 **IN CORRESPONDENT BANK ACCOUNTS.**

20 (a) IN GENERAL.—Chapter 53 of title 31, United  
 21 States Code, is amended by inserting after section 5332  
 22 (as added by this title) the following new section:

23 **“SEC. 5333. SUBPOENAS FOR RECORDS.**

24 “(a) DESIGNATION BY FOREIGN FINANCIAL INSTI-  
 25 TUTION OF AGENT.—Any foreign financial institution that

1 has a correspondent bank account at a financial institu-  
2 tion in the United States shall designate a person residing  
3 in the United States as a person authorized to accept a  
4 subpoena for bank records or other legal process served  
5 on the foreign financial institution.

6 “(b) MAINTENANCE OF RECORDS BY DOMESTIC FI-  
7 NANCIAL INSTITUTION.—

8 “(1) IN GENERAL.—Any domestic financial in-  
9 stitution that maintains a correspondent bank ac-  
10 count for a foreign financial institution shall main-  
11 tain records regarding the names and addresses of  
12 the owners of the foreign financial institution, and  
13 the name and address of the person who may be  
14 served with a subpoena for records regarding any  
15 funds transferred to or from the correspondent ac-  
16 count.

17 “(2) PROVISION TO LAW ENFORCEMENT AGEN-  
18 CY.—A domestic financial institution shall provide  
19 names and addresses maintained under paragraph  
20 (1) to a Government authority (as defined in section  
21 1101(3) of the Right to Financial Privacy Act of  
22 1978) within 7 days of the receipt of a request, in  
23 writing, for such records.

24 “(c) ADMINISTRATIVE SUBPOENA.—

1           “(1) IN GENERAL.—The Attorney General may  
 2           issue an administrative subpoena for records relating  
 3           to the deposit of any funds into a dollar-denomi-  
 4           nated account in a foreign financial institution that  
 5           maintains a correspondent account at a domestic fi-  
 6           nancial institution.

7           “(2) MANNER OF ISSUANCE.—Any subpoena  
 8           issued by the Attorney General under paragraph (1)  
 9           shall be issued in the manner described in section  
 10          3486 of this title, and may be served on the rep-  
 11          resentative designated by the foreign financial insti-  
 12          tution pursuant to subsection (a) to accept legal  
 13          process in the United States, or in a foreign country  
 14          pursuant to any mutual legal assistance treaty, mul-  
 15          tilateral agreement, or other request for inter-  
 16          national law enforcement assistance.

17          “(d) CORRESPONDENT ACCOUNT DEFINED.—For  
 18          purposes of this section, the term “correspondent ac-  
 19          count” has the same meaning as the term “interbank ac-  
 20          count” as such term is defined in section 984(c)(2)(B) of  
 21          title 18, United States Code.”.

22          (b) CLERICAL AMENDMENTS.—The table of sections  
 23          for chapter 53 of title 31, United States Code, is amended  
 24          by inserting after the item relating to section 5332 (as  
 25          added by this title) the following new item:

“5333. Subpoenas for records.”.

1 (c) EFFECTIVE DATE.—Section 5333(a) of title 31,  
 2 United States Code (as added by subsection (a) of this  
 3 section), shall apply after the end of the 30-day period  
 4 beginning on the date of the enactment of this Act.

5 (d) REQUESTS FOR RECORDS.—Section 3486(a)(1)  
 6 of title 18, United States Code, is amended by striking  
 7 “, or (II) a Federal offense involving the sexual exploi-  
 8 tation or abuse of children,” and inserting “, (II) a Fed-  
 9 eral offense involving the sexual exploitation or abuse of  
 10 children, or (III) a money laundering offense in violation  
 11 of section 1956, 1957 or 1960 of this title,”.

12 **SEC. 116. FINANCIAL CRIMES ENFORCEMENT NETWORK.**

13 (a) IN GENERAL.—Subchapter I of chapter 3 of title  
 14 31, United States Code, is amended—

15 (1) by redesignating section 310 as section 311;

16 and

17 (2) by inserting after section 309 the following  
 18 new section:

19 **“§ 310. Financial crimes enforcement network**

20 “(a) IN GENERAL.—The Financial Crimes Enforce-  
 21 ment Network established by order of the Secretary of the  
 22 Treasury (Treasury Order Numbered 105–08) on April  
 23 25, 1990, shall be a bureau in the Department of the  
 24 Treasury.

25 “(b) DIRECTOR.—

1           “(1) APPOINTMENT.—The head of the Finan-  
2           cial Crimes Enforcement Network shall be the Di-  
3           rector who shall be appointed by the President, by  
4           and with the consent of the Senate, to a term of 4  
5           years.

6           “(2) DUTIES AND POWERS.—The duties and  
7           powers of the Director are as follows:

8                   “(A) Advise and make recommendations  
9                   on matters relating to financial intelligence and  
10                  other financial criminal activity to the Under  
11                  Secretary for Enforcement.

12                  “(B) Maintain a government-wide data ac-  
13                  cess service, with access, in accordance with ap-  
14                  plicable legal requirements, to the following:

15                          “(i) Information collected by the De-  
16                          partment of the Treasury, including report  
17                          information filed under subchapters II and  
18                          III of chapter 53 of this title (such as re-  
19                          ports on cash transactions, foreign finan-  
20                          cial agency transactions and relationships,  
21                          foreign currency transactions, exporting  
22                          and importing monetary instruments, and  
23                          suspicious activities), chapter 2 of Public  
24                          Law 91–508, section 21 of the Federal De-

posit Insurance Act and section 6050I of the Internal Revenue Code of 1986.

“(ii) Information regarding national and international currency flows.

“(iii) Other records and data maintained by other Federal, State, local, and foreign agencies, including financial and other records developed in specific cases.

“(iv) other privately and publicly available information.

“(C) Analyze and disseminate the available data in accordance with applicable legal requirements and policies and guidelines established by the Secretary of the Treasury and the Under Secretary for Enforcement to—

“(i) identify possible criminal targets to appropriate Federal, State, local, and foreign law enforcement agencies;

“(ii) support ongoing criminal financial investigations and prosecutions and related proceedings, including civil and criminal tax and forfeiture proceedings;

“(iii) identify possible instances of noncompliance with subchapters II and III of chapter 53 of this title, chapter 2 of



1           Public Law 91–508, and section 21 of the  
2           Federal Deposit Insurance Act to Federal  
3           agencies with statutory responsibility for  
4           enforcing compliance with such provisions;

5           “(iv) evaluate and recommend possible  
6           uses of special currency reporting require-  
7           ments under section 5326; and

8           “(v) determine emerging trends and  
9           methods in money laundering and other fi-  
10          nancial crimes.

11          “(D) Establish and maintain a financial  
12          crimes communications center to furnish law  
13          enforcement authorities with intelligence infor-  
14          mation related to emerging or ongoing inves-  
15          tigations and undercover operations.

16          “(E) Furnish research, analytical, and in-  
17          formational services to financial institutions,  
18          appropriate Federal regulatory agencies with  
19          regard to financial institutions, and appropriate  
20          Federal, State, local, and foreign law enforce-  
21          ment authorities, in accordance with policies  
22          and guidelines established by the Secretary of  
23          the Treasury or the Under Secretary of the  
24          Treasury for Enforcement, in the interest of de-

1           tection, prevention, and prosecution of money  
2           laundering and other financial crimes.

3           “(F) Establish and maintain a special unit  
4           dedicated to combatting the use of informal,  
5           nonbank networks and payment and barter sys-  
6           tem mechanisms that permit the transfer of  
7           funds or the equivalent of funds without records  
8           and without compliance with criminal and tax  
9           laws.

10           “(G) Such other duties and powers as the  
11           Secretary of the Treasury may delegate or pre-  
12           scribe.

13           “(c) REQUIREMENTS RELATING TO MAINTENANCE  
14   AND ‘USER FRIENDLY’ USE OF DATA BANKS.—The Sec-  
15   retary of the Treasury shall establish and maintain oper-  
16   ating procedures with respect to the government-wide data  
17   access service and the financial crimes communications  
18   center maintained by the Financial Crimes Enforcement  
19   Network which provide—

20           “(1) for the coordinated and efficient entry of  
21           information into, and withdrawal of information  
22           from, the data maintenance system maintained by  
23           the Network, including—

24           “(A) the submission of reports in elec-  
25           tronic format, whenever possible;

1           “(B) the cataloguing of information in a  
2           manner that facilitates rapid retrieval by law  
3           enforcement personnel of meaningful data in a  
4           ‘user friendly’ manner; and

5           “(C) a procedure that provides for a  
6           prompt initial review of suspicious activity re-  
7           ports and other reports, or such other means as  
8           the Secretary may provide, to identify informa-  
9           tion that warrants immediate action;

10          “(2) in accordance with section 552a of title 5  
11          and the Right to Financial Privacy Act of 1978, ap-  
12          propriate standards and guidelines for  
13          determining—

14               “(A) who is to be given access to the infor-  
15               mation maintained by the Network;

16               “(B) what limits are to be imposed on the  
17               use of such information; and

18               “(C) how information about activities or  
19               relationships which involve or are closely associ-  
20               ated with the exercise of constitutional rights is  
21               to be screened out of the data maintenance sys-  
22               tem; and

23               “(3) the prompt verification of the accuracy  
24               and completeness of information maintained by the

1 Network and the prompt deletion or correction of in-  
 2 accurate or incomplete information.

3 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
 4 are authorized to be appropriated for the Financial Crimes  
 5 Enforcement Network such sums as may be necessary for  
 6 fiscal years 2002 and 2003.”.

7 (b) CLERICAL AMENDMENT.—The table of sections  
 8 for subchapter I of chapter 3 of title 31, United States  
 9 Code, is amended—

10 (1) by redesignating the item relating to section  
 11 310 as section 311; and

12 (2) by inserting after the item relating to sec-  
 13 tion 309 the following new item:

“310. Financial crimes enforcement network.”.

14 **SEC. 117. CUSTOMS SERVICE BORDER SEARCHES.**

15 Section 5317(b) of title 31, United States Code, is  
 16 amended to read as follows:

17 “(b) SEARCHES AT BORDER.—

18 “(1) IN GENERAL.—For purposes of ensuring  
 19 compliance with the laws enforced by the United  
 20 States Customs Service, a customs officer may stop  
 21 and search, at the border and without a search war-  
 22 rant, any vehicle, vessel, aircraft, or other convey-  
 23 ance, any envelope or other container, and any per-  
 24 son entering or departing from the United States.

1           “(2) INTERNATIONAL SHIPMENTS OF MAIL.—

2       With respect to shipments of international mail  
3       (within the meaning of section 3741 of title 39) that  
4       are exported or imported by the United States Post-  
5       al Service, the Customs Service and other appro-  
6       priate Federal agencies shall, subject to paragraph  
7       (3), apply the customs laws of the United States and  
8       all other laws relating to the importation or expor-  
9       tation of such shipments in the same manner to  
10      both shipments by the Postal Service and similar  
11      shipments by private companies.

12           “(3) SAFEGUARDS.—No provision of this sub-  
13      section shall be construed as authorizing any cus-  
14      toms officer or any other person to read, copy, or  
15      seize any correspondence unless—

16           “(A) a search warrant has been issued  
17           pursuant to Rule 41 of the Federal Rules of  
18           Civil Procedure which permits such correspond-  
19           ence to be read, copied, or seized; or

20           “(B) the author or sender of the cor-  
21           respondence has given written consent for any  
22           such action.”.

1 **SEC. 118. PROHIBITION ON FALSE STATEMENTS TO FINAN-**  
2 **CIAL INSTITUTIONS CONCERNING THE IDEN-**  
3 **TITY OF A CUSTOMER.**

4 (a) IN GENERAL.—Chapter 47 of title 18, United  
5 States Code, is amended by inserting after section 1007  
6 the following:

7 **“§ 1008. False statements concerning the identity of**  
8 **customers of financial institutions**

9 “(a) IN GENERAL.—Whoever knowingly in any  
10 manner—

11 “(1) falsifies, conceals, or covers up, or at-  
12 tempts to falsify, conceal, or cover up, the identity  
13 of any person in connection with any transaction  
14 with a financial institution;

15 “(2) makes, or attempts to make, any materi-  
16 ally false, fraudulent, or fictitious statement or rep-  
17 resentation of the identity of any person in connec-  
18 tion with a transaction with a financial institution;

19 “(3) makes or uses, or attempts to make or  
20 use, any false writing or document knowing the  
21 same to contain any materially false, fictitious, or  
22 fraudulent statement or entry concerning the iden-  
23 tity of any person in connection with a transaction  
24 with a financial institution; or

25 “(4) uses or presents, or attempts to use or  
26 present, in connection with a transaction with a fi-

1       nancial institution, an identification document or  
2       means of identification the possession of which is a  
3       violation of section 1028;

4       shall be fined under this title, imprisoned not more than  
5       5 years, or both.

6       “(b) DEFINITIONS.—In this section, the following  
7       definitions shall apply:

8               “(1) FINANCIAL INSTITUTION.—The term ‘fi-  
9       nancial institution’—

10               “(A) has the same meaning as in section  
11               20; and

12               “(B) in addition, has the same meaning as  
13               in section 5312(a)(2) of title 31, United States  
14               Code.

15               “(2) IDENTIFICATION DOCUMENT.—The term  
16       ‘identification document’ has the same meaning as  
17       in section 1028(d).

18               “(3) MEANS OF IDENTIFICATION.—The term  
19       ‘means of identification’ has the same meaning as in  
20       section 1028(d).”.

21       (b) TECHNICAL AND CONFORMING AMENDMENTS.—

22               (1) TITLE 18, UNITED STATES CODE.—Section  
23       1956(e)(7)(D) of title 18, United States Code, is  
24       amended by striking “1014 (relating to fraudulent  
25       loan” and inserting “section 1008 (relating to false

1 statements concerning the identity of customers of  
2 financial institutions), section 1014 (relating to  
3 fraudulent loan”.

4 (2) TABLE OF SECTIONS.—The table of sections  
5 for chapter 47 of title 18, United States Code, is  
6 amended by inserting after the item relating to sec-  
7 tion 1007 the following:

“1008. False statements concerning the identity of customers of financial insti-  
tutions.”.

8 **SEC. 119. VERIFICATION OF IDENTIFICATION.**

9 Section 5318 of title 31, United States Code, is  
10 amended by adding at the end the following new sub-  
11 section:

12 “(i) IDENTIFICATION AND VERIFICATION OF  
13 ACCOUNTHOLDERS.—The Secretary of the Treasury shall  
14 prescribe regulations requiring financial institutions to ob-  
15 tain and maintain the names, addresses, and other forms  
16 of identification of all persons who open or maintain an  
17 account at the institution, including any beneficial owner  
18 of any such account. The regulations shall include a re-  
19 quirement that financial institutions shall verify the iden-  
20 tity of all such persons and maintain records of the infor-  
21 mation used to verify such identification.”.



1           **TITLE II—PUBLIC-PRIVATE**  
2                           **COOPERATION**

3   **SEC. 201. ESTABLISHMENT OF HIGHLY SECURE WEBSITE.**

4           (a) IN GENERAL.—The Secretary of the Treasury  
5 shall establish a highly secure website in the Financial  
6 Crimes Enforcement Network that—

7                   (1) allows financial institutions to file sus-  
8 picious activities reports through the Internet; and

9                   (2) provides financial institutions with alerts  
10 and other information regarding suspicious activities  
11 that warrant immediate and enhanced scrutiny.

12          (b) EXPEDITED DEVELOPMENT.—The Secretary of  
13 the Treasury shall take such action as may be necessary  
14 to ensure that the website required under subsection (a)  
15 is fully operational before the end of the 6-month period  
16 beginning on the date of the enactment of this Act.

17   **SEC. 202. REPORT ON IMPROVEMENTS IN DATA ACCESS.**

18          Before the end of the 4-month period beginning on  
19 the date of the enactment of this Act, the Secretary of  
20 the Treasury shall report to the Congress on the progress  
21 made since such date of enactment in meeting the require-  
22 ments of section 310(c) of title 31, United States Code  
23 (as added by this Act) to maintain the data collection and  
24 analysis system of the Financial Crimes Enforcement Net-  
25 work in a manner that allows the submission of reports

1 in electronic format and the rapid retrieval by law enforce-  
2 ment personnel of meaningful data in a ‘user friendly’  
3 manner.

4 **SEC. 203. REPORTS TO THE FINANCIAL SERVICES INDUS-**  
5 **TRY ON SUSPICIOUS FINANCIAL ACTIVITIES.**

6 At least once each calendar quarter, the Secretary of  
7 the Treasury shall—

8 (1) publish a report containing a detailed anal-  
9 ysis identifying patterns of suspicious activity and  
10 other investigative insights derived from suspicious  
11 activity reports and investigations conducted by Fed-  
12 eral, to the extent appropriate; and

13 (2) distribute such report to financial institu-  
14 tions (as defined in section 5312 of title 31, United  
15 States Code).

16 **SEC. 204. EFFICIENT USE OF CURRENCY TRANSACTION RE-**  
17 **PORT SYSTEM.**

18 (a) FINDINGS.—The Congress finds the following:

19 (1) The Congress established the currency  
20 transaction reporting requirements in 1970 because  
21 the Congress found then that such reports have a  
22 high degree of usefulness in criminal, tax, and regu-  
23 latory investigations and proceedings and the useful-  
24 ness of such reports has only increased in the years  
25 since the requirements were established.

1           (2) In 1994, in response to reports and testi-  
2           mony that excess amounts of currency transaction  
3           reports were interfering with effective law enforce-  
4           ment, the Congress reformed the currency trans-  
5           action report exemption requirements to provide—

6                   (A) mandatory exemptions for certain re-  
7                   ports that had little usefulness for law enforce-  
8                   ment, such as cash transfers between depository  
9                   institutions and cash deposits from government  
10                  agencies; and

11                  (B) discretionary authority for the Sec-  
12                  retary of the Treasury to provide exemptions,  
13                  subject to criteria and guidelines established by  
14                  the Secretary, for financial institutions with re-  
15                  gard to regular business customers that main-  
16                  tain accounts at an institution into which fre-  
17                  quent cash deposits are made.

18           (3) Today there is evidence that some financial  
19           institutions are not utilizing the exemption system,  
20           or are filing reports even if there is an exemption in  
21           effect, with the result that the volume of currency  
22           transaction reports is once again interfering with ef-  
23           fective law enforcement.

24           (b) STUDY AND REPORT.—

1           (1) STUDY REQUIRED.—The Secretary of the  
2       Treasury shall conduct a study of—

3           (A) the possible expansion of the statutory  
4       exemption system in effect under 5313 of title  
5       31, United States Code;

6           (B) methods for improving financial insti-  
7       tution utilization of the statutory exemption  
8       provisions as a way of reducing the submission  
9       of currency transaction reports that have little  
10      or no value for law enforcement purposes, in-  
11      cluding improvements in the systems in effect  
12      at financial institutions for regular review of  
13      the exemption procedures used at the institu-  
14      tion and the training of personnel in its effec-  
15      tive use; and

16          (C) the feasibility and advisability of estab-  
17      lishing sanctions for financial institutions that  
18      routinely engage in filing currency transaction  
19      reports that have little or no value for law en-  
20      forcement purposes without regard to the statu-  
21      tory exemptions available with respect to such  
22      reports.

23          (2) REPORT REQUIRED.—The Secretary of the  
24      Treasury shall submit a report to the Congress be-  
25      fore the end of the 90-day period beginning on the

1 date of the enactment of this Act containing the  
 2 findings and conclusions of the Secretary with re-  
 3 gard to the study required under subsection (a) and  
 4 such recommendations for legislative or administra-  
 5 tive action as the Secretary determines to be appro-  
 6 priate.

7 **SEC. 205. PUBLIC-PRIVATE TASK FORCE ON TERRORIST FI-**  
 8 **NANCING ISSUES.**

9 Section 1564 of the Annunzio-Wylie Anti-Money  
 10 Laundering Act (31 U.S.C. 5313 note) is amended by  
 11 adding at the end the following new subsection:

12 “(d) TERRORIST FINANCING ISSUES.—The Secretary  
 13 of the Treasury shall provide, either within the Bank Se-  
 14 crecy Act Advisory Group, or as a subcommittee or other  
 15 adjunct of the Advisory Group, for a task force of rep-  
 16 resentatives from agencies and officers represented on the  
 17 Advisory Group and representatives of financial institu-  
 18 tions, private organizations that represent the financial  
 19 services industry, and other interested parties to focus  
 20 on—

21 “(1) issues specifically related to the finances of  
 22 terrorist groups, the means terrorist groups use to  
 23 transfer funds around the world and within the  
 24 United States, and the extent to which financial in-  
 25 stitutions in the United States are unwittingly in-

1       volved in such finances and the extent to which such  
2       institutions are at risk as a result; and

3               “(2) means of facilitating the identification of  
4       accounts and transactions involving terrorist groups  
5       and facilitating the exchange of information con-  
6       cerning such accounts and transactions between fi-  
7       nancial institutions and law enforcement organiza-  
8       tions.”.

9   **SEC. 206. DEADLINE FOR SUSPICIOUS ACTIVITY REPORT-**  
10                   **ING REQUIREMENTS FOR REGISTERED BRO-**  
11                   **KERS AND DEALERS.**

12       The Secretary of the Treasury shall publish regula-  
13       tions in the Federal Register before January 1, 2002, re-  
14       quiring brokers and dealers registered with the Securities  
15       and Exchange Commission under the Securities Exchange  
16       Act of 1934 to submit suspicious activity reports under  
17       section 5318(g) of title 31, United States Code.

18   **SEC. 207. AMENDMENTS RELATING TO REPORTING OF SUS-**  
19                   **PICIOUS ACTIVITIES.**

20       (a) AMENDMENT RELATING TO CIVIL LIABILITY IM-  
21       MUNITY FOR DISCLOSURES.—Section 5318(g)(3) of title  
22       31, United States Code, is amended to read as follows:

23               “(3) LIABILITY FOR DISCLOSURES.—

24                   “(A) IN GENERAL.—Any financial institu-  
25       tion that makes a voluntary disclosure of any

possible violation of law or regulation to a government agency or makes a disclosure pursuant to this subsection or any other authority, and any director, officer, employee, or agent of such institution who makes, or requires another to make any such disclosure, shall not be liable to any person under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision of any State, or under any contract or other legally enforceable agreement (including any arbitration agreement), for such disclosure or for any failure to provide notice of such disclosure to the person who is the subject of such disclosure or any other person identified in the disclosure.

“(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as creating—

“(i) any inference that the term ‘person’, as used in such subparagraph, may be construed more broadly than its ordinary usage so to include any government or agency of government; or

“(ii) any immunity against, or otherwise affecting, any civil or criminal action brought by any government or agency of

1 government to enforce any constitution,  
2 law, or regulation of such government or  
3 agency.”.

4 (b) PROHIBITION ON NOTIFICATION OF DISCLO-  
5 SURES.—Section 5318(g)(2) of title 31, United States  
6 Code, is amended to read as follows:

7 “(2) NOTIFICATION PROHIBITED.—

8 “(A) IN GENERAL.—If a financial institu-  
9 tion or any director, officer, employee, or agent  
10 of any financial institution, voluntarily or pur-  
11 suant to this section or any other authority, re-  
12 ports a suspicious transaction to a government  
13 agency—

14 “(i) the financial institution, director,  
15 officer, employee, or agent may not notify  
16 any person involved in the transaction that  
17 the transaction has been reported; and

18 “(ii) no officer or employee of the  
19 Federal Government or of any State, local,  
20 tribal, or territorial government within the  
21 United States, who has any knowledge that  
22 such report was made may disclose to any  
23 person involved in the transaction that the  
24 transaction has been reported other than



1 as necessary to fulfill the official duties of  
2 such officer or employee.

3 “(B) DISCLOSURES IN CERTAIN EMPLOY-  
4 MENT REFERENCES.—Notwithstanding the ap-  
5 plication of subparagraph (A) in any other con-  
6 text, subparagraph (A) shall not be construed  
7 as prohibiting any financial institution, or any  
8 director, officer, employee, or agent of such in-  
9 stitution, from including, in a written employ-  
10 ment reference that is provided in accordance  
11 with section 18(v) of the Federal Deposit Insur-  
12 ance Act in response to a request from another  
13 financial institution or a written termination  
14 notice or employment reference that is provided  
15 in accordance with the rules of the self-regu-  
16 latory organizations registered with the Securi-  
17 ties and Exchange Commission, information  
18 that was included in a report to which subpara-  
19 graph (A) applies, but such written employment  
20 reference may not disclose that such informa-  
21 tion was also included in any such report or  
22 that such report was made.”.

1 **SEC. 208. AUTHORIZATION TO INCLUDE SUSPICIONS OF IL-**  
2 **LEGAL ACTIVITY IN WRITTEN EMPLOYMENT**  
3 **REFERENCES.**

4 Section 18 of the Federal Deposit Insurance Act (12  
5 U.S.C. 1828) is amended by adding at the end the fol-  
6 lowing new subsection:

7 “(w) WRITTEN EMPLOYMENT REFERENCES MAY  
8 CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL AC-  
9 TIVITY.—

10 “(1) IN GENERAL.—Notwithstanding any other  
11 provision of law, any insured depository institution,  
12 and any director, officer, employee, or agent of such  
13 institution, may disclose in any written employment  
14 reference relating to a current or former institution-  
15 affiliated party of such institution which is provided  
16 to another insured depository institution in response  
17 to a request from such other institution, information  
18 concerning the possible involvement of such institu-  
19 tion-affiliated party in potentially unlawful activity.

20 “(2) DEFINITION.—For purposes of this sub-  
21 section, the term ‘insured depository institution’ in-  
22 cludes any uninsured branch or agency of a foreign  
23 bank.”.

1 **TITLE III—COMBATTING INTER-**  
2 **NATIONAL MONEY LAUN-**  
3 **DERING**

4 **SEC. 301. SPECIAL MEASURES FOR JURISDICTIONS, FINAN-**  
5 **CIAL INSTITUTIONS, OR INTERNATIONAL**  
6 **TRANSACTIONS OF PRIMARY MONEY LAUN-**  
7 **DERING CONCERN.**

8 (a) IN GENERAL.—Subchapter II of chapter 53 of  
9 title 31, United States Code, is amended by inserting after  
10 section 5318 the following new section:

11 **“§ 5318A. Special measures for jurisdictions, financial**  
12 **institutions, or international transactions**  
13 **of primary money laundering concern**

14 “(a) INTERNATIONAL COUNTER-MONEY LAUN-  
15 DERING REQUIREMENTS.—

16 “(1) IN GENERAL.—The Secretary may require  
17 domestic financial institutions and domestic financial  
18 agencies to take 1 or more of the special measures  
19 described in subsection (b) if the Secretary finds  
20 that reasonable grounds exist for concluding that a  
21 jurisdiction outside the United States, 1 or more fi-  
22 nancial institutions operating outside the United  
23 States, or 1 or more classes of transactions within,  
24 or involving, a jurisdiction outside the United States

1 is of primary money laundering concern, in accord-  
2 ance with subsection (d).

3 “(2) FORM OF REQUIREMENT.—The special  
4 measures described in subsection (b) may be im-  
5 posed by regulation, order, or otherwise as permitted  
6 by law, and in such sequence or combination, as the  
7 Secretary shall determine.

8 “(3) PROCESS FOR SELECTING SPECIAL MEAS-  
9 URES.—

10 “(A) CONSULTATION.—In selecting which  
11 special measure or measures to take under this  
12 subsection, the Secretary shall consult with the  
13 Chairman of the Board of Governors of the  
14 Federal Reserve System and, in the Secretary’s  
15 sole discretion, such other agencies and inter-  
16 ested parties as the Secretary may find to be  
17 appropriate.

18 “(B) FACTORS.—The Secretary also shall  
19 consider—

20 “(i) whether similar action has been  
21 or is being taken by other nations or multi-  
22 lateral groups;

23 “(ii) whether the imposition of any  
24 particular special measure would create a  
25 significant competitive disadvantage, in-

cluding any undue cost or burden associated with compliance, for financial institutions organized or licensed in the United States; and

“(iii) the extent to which the action would have a significant adverse systemic impact on the international payment, clearance and settlement system, or on legitimate business activities involving the particular jurisdiction, institution, or class of transactions.

“(4) NO LIMITATION ON OTHER AUTHORITY.—

This section shall not be construed as superseding or otherwise restricting any other authority granted to the Secretary, or to any other agency, by this subchapter or otherwise.

“(b) SPECIAL MEASURES.—The special measures referred to in subsection (a), with respect to a jurisdiction outside the United States, financial institution operating outside the United States, or class of transaction within, or involving, a jurisdiction outside the United States, are as follows:

“(1) RECORDKEEPING AND REPORTING OF CERTAIN FINANCIAL TRANSACTIONS.—

1           “(A) IN GENERAL.—The Secretary may re-  
2           quire any domestic financial institution or do-  
3           mestic financial agency to maintain records, file  
4           reports, or both, concerning the aggregate  
5           amount of transactions, or concerning each  
6           transaction, with respect to a jurisdiction out-  
7           side the United States, 1 or more financial in-  
8           stitutions operating outside the United States,  
9           or 1 or more classes of transactions within, or  
10          involving, a jurisdiction outside the United  
11          States, if the Secretary finds any such jurisdic-  
12          tion, institution, or class of transactions to be  
13          of primary money laundering concern.

14          “(B) FORM OF RECORDS AND REPORTS.—  
15          Such records and reports shall be made and re-  
16          tained at such time, in such manner, and for  
17          such period of time, as the Secretary shall de-  
18          termine, and shall include such information as  
19          the Secretary may determine, including—

20                 “(i) the identity and address of the  
21                 participants in a transaction or relation-  
22                 ship, including the identity of the origi-  
23                 nator of any funds transfer;

24                 “(ii) the legal capacity in which a par-  
25                 ticipant in any transaction is acting;

1                   “(iii) information concerning the bene-  
2                   ficial ownership of the funds involved in  
3                   any transaction, in accordance with steps  
4                   the Secretary has determined to be reason-  
5                   able and practicable to obtain and retain  
6                   such information; and

7                   “(iv) a description of any transaction.

8                   “(2) INFORMATION RELATING TO BENEFICIAL  
9                   OWNERSHIP.—In addition to any other requirement  
10                  under any other law, the Secretary may require any  
11                  domestic financial institution or domestic financial  
12                  agency to take such steps as the Secretary may de-  
13                  termine to be reasonable and practicable to obtain  
14                  and retain information concerning the beneficial  
15                  ownership of any account opened or maintained in  
16                  the United States by a foreign person (other than a  
17                  foreign entity whose shares are subject to public re-  
18                  porting requirements or are listed and traded on a  
19                  regulated exchange or trading market), or a rep-  
20                  resentative of such a foreign person, that involves a  
21                  jurisdiction outside the United States, 1 or more fi-  
22                  nancial institutions operating outside the United  
23                  States, or 1 or more classes of transactions within,  
24                  or involving, a jurisdiction outside the United States,  
25                  if the Secretary finds any such jurisdiction, institu-

tion, or transaction to be of primary money laundering concern.

“(3) INFORMATION RELATING TO CERTAIN PAYABLE-THROUGH ACCOUNTS.—If the Secretary finds a jurisdiction outside the United States, 1 or more financial institutions operating outside the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside the United States to be of primary money laundering concern, the Secretary may require any domestic financial institution or domestic financial agency that opens or maintains a payable-through account in the United States for a foreign financial institution involving any such jurisdiction or any such financial institution operating outside the United States, or a payable-through account through which any such transaction may be conducted, as a condition of opening or maintaining such account, to—

“(A) identify each customer (and representative of such customer) of such financial institution who is permitted to use, or whose transactions are routed through, such payable-through account; and

“(B) obtain, with respect to each such customer (and each such representative), the same



1 information that the depository institution ob-  
2 tains in the ordinary course of business with re-  
3 spect to its customers residing in the United  
4 States.

5 “(4) INFORMATION RELATING TO CERTAIN COR-  
6 RESPONDENT ACCOUNTS.—If the Secretary finds a  
7 jurisdiction outside the United States, 1 or more fi-  
8 nancial institutions operating outside the United  
9 States, or 1 or more classes of transactions within,  
10 or involving, a jurisdiction outside the United States  
11 to be of primary money laundering concern, the Sec-  
12 retary may require any domestic financial institution  
13 or domestic financial agency that opens or maintains  
14 a correspondent account in the United States for a  
15 foreign financial institution involving any such juris-  
16 diction or any such financial institution operating  
17 outside the United States, or a correspondent ac-  
18 count through which any such transaction may be  
19 conducted, as a condition of opening or maintaining  
20 such account, to—

21 “(A) identify each customer (and rep-  
22 resentative of such customer) of any such finan-  
23 cial institution who is permitted to use, or  
24 whose transactions are routed through, such  
25 correspondent account; and

1           “(B) obtain, with respect to each such cus-  
2           tomer (and each such representative), the same  
3           information that the depository institution ob-  
4           tains in the ordinary course with respect to its  
5           customers residing in the United States.

6           “(5) PROHIBITIONS OR CONDITIONS ON OPEN-  
7           ING OR MAINTAINING CERTAIN CORRESPONDENT OR  
8           PAYABLE-THROUGH ACCOUNTS.—If the Secretary  
9           finds a jurisdiction outside the United States, 1 or  
10          more financial institutions operating outside the  
11          United States, or 1 or more classes of transactions  
12          within, or involving, a jurisdiction outside the United  
13          States to be of primary money laundering concern,  
14          the Secretary, in consultation with the Secretary of  
15          State, the Attorney General, and the Chairman of  
16          the Board of Governors of the Federal Reserve Sys-  
17          tem, may prohibit, or impose conditions upon, the  
18          opening or maintaining in the United States of a  
19          correspondent account or payable-through account  
20          by any domestic financial institution or domestic fi-  
21          nancial agency for or on behalf of a foreign banking  
22          institution if such correspondent account or payable-  
23          through account involves any such jurisdiction or in-  
24          stitution, or if any such transaction may be con-

1        ducted through such correspondent account or pay-  
2        able-through account.

3        “(c) PROHIBITION ON UNITED STATES COR-  
4        RESPONDENT ACCOUNTS WITH FOREIGN SHELL  
5        BANKS.—

6                “(1) IN GENERAL.—A depository institution  
7        shall not establish, maintain, administer, or manage  
8        a correspondent account in the United States for, or  
9        on behalf of, a foreign bank that does not have a  
10       physical presence in any country.

11               “(2) PREVENTION OF INDIRECT SERVICE TO  
12       FOREIGN SHELL BANKS.—A depository institution  
13       shall take reasonable steps to ensure that any cor-  
14       respondent account established, maintained, admin-  
15       istered, or managed by that institution in the United  
16       States for a foreign bank is not being used by that  
17       foreign bank to indirectly provide banking services to  
18       another foreign bank that does not have a physical  
19       presence in any country.

20               “(3) EXCEPTION.—Paragraphs (1) and (2)  
21       shall not be construed as prohibiting a depository in-  
22       stitution from providing a correspondent account to  
23       a foreign bank, if the foreign bank—

24               “(A) is an affiliate of a depository institu-  
25       tion, credit union, financial services company,

1 or other foreign bank that maintains a physical  
 2 presence in the United States or a foreign coun-  
 3 try, as applicable; and

4 “(B) is subject to supervision by a banking  
 5 authority in the country regulating the affili-  
 6 ated depository institution, credit union, finan-  
 7 cial services company, or foreign bank, de-  
 8 scribed in subparagraph (A), as applicable.

9 “(4) DEFINITIONS.—For purposes of this sub-  
 10 section, the following definitions shall apply:

11 “(A) AFFILIATE.—The term ‘affiliate’  
 12 means a foreign bank that is controlled by or  
 13 is under common control with a depository in-  
 14 stitution, credit union, financial services com-  
 15 pany, or foreign bank.

16 “(B) DEPOSITORY INSTITUTION.—The ‘de-  
 17 pository institution’—

18 “(i) has the meaning given such term  
 19 in section 3 of the Federal Deposit Insur-  
 20 ance Act; and

21 “(ii) includes a credit union.

22 “(C) PHYSICAL PRESENCE.—The term  
 23 ‘physical presence’ means a place of business  
 24 that—

25 “(i) is maintained by a foreign bank;

1                   “(ii) is located at a fixed address  
 2                   (other than solely an electronic address) in  
 3                   a country in which the foreign bank is au-  
 4                   thorized to conduct banking activities, at  
 5                   which location the foreign bank—

6                   “(I) employs 1 or more individ-  
 7                   uals on a full-time basis; and

8                   “(II) maintains operating records  
 9                   related to its banking activities; and

10                  “(iii) is subject to inspection by the  
 11                  banking authority which licensed the for-  
 12                  eign bank to conduct banking activities.

13                  “(d) CONSULTATIONS AND INFORMATION TO BE  
 14                  CONSIDERED IN FINDING JURISDICTIONS, INSTITUTIONS,  
 15                  OR TRANSACTIONS TO BE OF PRIMARY MONEY LAUN-  
 16                  DERING CONCERN.—

17                  “(1) IN GENERAL.—In making a finding that  
 18                  reasonable grounds exist for concluding that a juris-  
 19                  diction outside the United States, 1 or more finan-  
 20                  cial institutions operating outside the United States,  
 21                  or 1 or more classes of transactions within, or in-  
 22                  volving, a jurisdiction outside the United States is of  
 23                  primary money laundering concern so as to author-  
 24                  ize the Secretary to invoke 1 or more of the special  
 25                  measures of subsection (b), the Secretary shall con-

1       sult with the Secretary of State, the Attorney Gen-  
2       eral, the Secretary of Commerce, and the United  
3       States Trade Representative.

4               “(2) INFORMATION.—The Secretary also shall  
5       consider such information as the Secretary considers  
6       to be relevant, including the following potentially rel-  
7       evant factors:

8               “(A) In the case of a particular  
9       jurisdiction—

10              “(i) the extent to which that jurisdic-  
11       tion or financial institutions operating  
12       therein offer bank secrecy or special tax or  
13       regulatory advantages to nonresidents or  
14       nondomiciliaries of such jurisdiction;

15              “(ii) the substance and quality of ad-  
16       ministration of that jurisdiction’s bank su-  
17       pervisory and counter-money laundering  
18       laws;

19              “(iii) the relationship between the vol-  
20       ume of financial transactions occurring in  
21       that jurisdiction and the size of the juris-  
22       diction’s economy;

23              “(iv) the extent to which that jurisdic-  
24       tion is characterized as a tax haven or off-  
25       shore banking or secrecy haven by credible

1 international organizations or multilateral  
2 expert groups;

3 “(v) whether the United States has a  
4 mutual legal assistance treaty with that ju-  
5 risdiction, and the experience of United  
6 States law enforcement officials, regulatory  
7 officials, and tax administrators in obtain-  
8 ing information about transactions origi-  
9 nating in or routed through or to such ju-  
10 risdiction; and

11 “(vi) the extent to which that jurisdic-  
12 tion is characterized by high levels of offi-  
13 cial or institutional corruption.

14 “(B) In the case of a decision to apply 1  
15 or more of the special measures described in  
16 subsection (b) only to a financial institution or  
17 institutions, or to a transaction or class of  
18 transactions, or to both, within, or involving, a  
19 particular jurisdiction—

20 “(i) the extent to which such financial  
21 institutions or transactions are used to fa-  
22 cilitate or promote money laundering in or  
23 through the jurisdiction;

24 “(ii) the extent to which such institu-  
25 tions or transactions are used for legiti-

1           mate business purposes in such jurisdic-  
2           tion; and

3           “(iii) the extent to which such action  
4           is sufficient to ensure, with respect to  
5           transactions involving such jurisdiction and  
6           institutions operating in such jurisdiction,  
7           that the purposes of this subchapter con-  
8           tinue to be fulfilled, and to guard against  
9           international money laundering and other  
10          financial crimes.

11       “(e) NOTIFICATION OF SPECIAL MEASURES IN-  
12       VOKED BY THE SECRETARY.—Within 10 days after the  
13       date of any action taken by the Secretary under subsection  
14       (a)(1), the Secretary shall notify, in writing, the Com-  
15       mittee on Financial Services of the House of Representa-  
16       tives and the Committee on Banking, Housing, and Urban  
17       Affairs of the Senate of any such action.

18       “(f) DEFINITIONS.—Notwithstanding any other pro-  
19       vision of this subchapter, for purposes of this section, the  
20       following definitions shall apply:

21           “(1) DEFINED TERMS.—

22           “(A) BANK DEFINITIONS.—The following  
23           definitions shall apply with respect to a bank:

24           “(i) ACCOUNT.—The term ‘account’—



1                   “(I) means a formal banking or  
2                   business relationship established to  
3                   provide regular services, dealings, and  
4                   other financial transactions; and

5                   “(II) includes a demand deposit,  
6                   savings deposit, or other transaction  
7                   or asset account and a credit account  
8                   or other extension of credit.

9                   “(ii) CORRESPONDENT ACCOUNT.—  
10                  The term ‘correspondent account’ means  
11                  an account established to receive deposits  
12                  from and make payments on behalf of a  
13                  foreign financial institution.

14                  “(iii) PAYABLE-THROUGH ACCOUNT.—  
15                  The term ‘payable-through account’ means  
16                  an account, including a transaction ac-  
17                  count (as defined in section 19(b)(1)(C) of  
18                  the Federal Reserve Act), opened at a de-  
19                  pository institution by a foreign financial  
20                  institution by means of which the foreign  
21                  financial institution permits its customers  
22                  to engage, either directly or through a sub-  
23                  account, in banking activities usual in con-  
24                  nection with the business of banking in the  
25                  United States.

1           “(B) DEFINITIONS APPLICABLE TO INSTI-  
 2           TUTIONS OTHER THAN BANKS.—With respect  
 3           to any financial institution other than a bank,  
 4           the Secretary shall define, by regulation, order,  
 5           or otherwise as permitted by law, the term ‘ac-  
 6           count’ and shall include within the meaning of  
 7           such term arrangements similar to payable-  
 8           through and correspondent accounts.

9           “(2) OTHER TERMS.—The Secretary may, by  
 10          regulation, order, or otherwise as permitted by law,  
 11          further define the terms in paragraph (1) and define  
 12          other terms for the purposes of this section, as the  
 13          Secretary deems appropriate.”.

14          (b) CLERICAL AMENDMENT.—The table of sections  
 15          for subchapter II of chapter 53 of title 31, United States  
 16          Code, is amended by inserting after the item relating to  
 17          section 5318 the following new item:

“5318A. Special measures for jurisdictions, financial institutions, or inter-  
 national transactions of primary money laundering concern.”.

18       **SEC. 302. INTERNATIONAL COOPERATION IN INVESTIGA-**  
 19                               **TIONS OF MONEY LAUNDERING, FINANCIAL**  
 20                               **CRIMES, AND THE FINANCES OF TERRORIST**  
 21                               **GROUPS.**

22          (a) NEGOTIATIONS.—

23               (1) IN GENERAL.—In addition to the require-  
 24          ments of section 4702 of the Anti-Drug Abuse Act

1 of 1988, the Secretary of the Treasury (hereinafter  
2 in this section referred to as the “Secretary”), in  
3 consultation with the Attorney General, the Sec-  
4 retary of State, and the Board of Governors of the  
5 Federal Reserve System, shall enter into negotia-  
6 tions with the appropriate financial supervisory  
7 agencies and other officials of any foreign country  
8 the financial institutions of which do business with  
9 United States financial institutions or which may be  
10 utilized by any foreign terrorist organization (as des-  
11 ignated under section 219 of the Immigration and  
12 Nationality Act), any person who is a member or  
13 representative of any such organization, or any per-  
14 son engaged in money laundering or financial or  
15 other crimes.

16 (2) PURPOSES OF NEGOTIATIONS.—In carrying  
17 out negotiations under paragraph (1), the Secretary  
18 shall seek to enter into and further cooperative ef-  
19 forts, voluntary information exchanges, the use of  
20 letters rogatory, mutual legal assistance treaties,  
21 and international agreements to—

22 (A) ensure that foreign banks and other fi-  
23 nancial institutions maintain adequate records  
24 of—

1 (i) large United States currency  
2 transactions; and

3 (ii) transaction and account informa-  
4 tion relating to any foreign terrorist orga-  
5 nization (as designated under section 219  
6 of the Immigration and Nationality Act),  
7 any person who is a member or representa-  
8 tive of any such organization, or any per-  
9 son engaged in money laundering or finan-  
10 cial or other crimes; and

11 (B) establish a mechanism whereby such records  
12 may be made available to United States law enforce-  
13 ment officials and domestic financial institution su-  
14 pervisors, when appropriate.

15 (b) REPORTS.—

16 (1) INTERIM REPORT.—Not later than 1 year  
17 after the date of enactment of this Act, the Sec-  
18 retary shall submit an interim report to the Con-  
19 gress on progress in the negotiations under sub-  
20 section (a).

21 (2) FINAL REPORT.—Not later than 2 years  
22 after the date of the enactment of this Act, the Sec-  
23 retary shall submit a final report to the President  
24 and the Congress, on the outcome of negotiations  
25 under subsection (a).

1           (3) IDENTIFICATION OF CERTAIN COUN-  
2       TRIES.—In the report submitted under paragraph  
3       (2), the Secretary shall identify countries—

4           (A) with respect to which the Secretary de-  
5       termines there is evidence that the financial in-  
6       stitutions in such countries are being utilized,  
7       knowingly or unwittingly, by any foreign ter-  
8       rorist organization (as designated under section  
9       219 of the Immigration and Nationality Act),  
10      any person who is a member or representative  
11      of any such organization, or any person en-  
12      gaged in money laundering or financial or other  
13      crimes; and

14          (B) which have not reached agreement  
15      with United States authorities to meet the ob-  
16      jectives of subparagraphs (A) and (B) of sub-  
17      section (a)(2).

18      (c) AUTHORITY FOR OTHER ACTION.—

19          (1) IN GENERAL.—If the President determines  
20      that—

21           (A) a foreign country is described in  
22           subparagraphs (A) and (B) of subsection  
23           (b)(3); and

1 (B) such country is not negotiating in  
2 good faith to reach an agreement described  
3 in subsection (a)(2),  
4 the President may impose appropriate penalties and  
5 sanctions on such country and, except as provided in  
6 paragraph (3), financial institutions of such country.

7 (2) PENALTIES AND SANCTIONS.—The pen-  
8 alties and sanctions which may be imposed by the  
9 President under paragraph (1) include temporarily  
10 or permanently—

11 (A) prohibiting such persons, institutions,  
12 or other entities as the President may designate  
13 in any such country from participating in any  
14 United States dollar clearing or wire transfer  
15 system; and

16 (B) prohibiting such persons, institutions  
17 or entities as the President may designate in  
18 such countries from maintaining an account  
19 with any bank or other financial institution  
20 chartered under the laws of the United States  
21 or any State.

22 (3) EXEMPTION FOR CERTAIN FINANCIAL IN-  
23 STITUTIONS.—Financial institutions that maintain  
24 adequate records shall be exempt from such pen-  
25 alties and sanctions.

1 **SEC. 303. PROHIBITION ON ACCEPTANCE OF ANY BANK IN-**  
2 **STRUMENT FOR UNLAWFUL INTERNET GAM-**  
3 **BLING.**

4 (a) IN GENERAL.—No person engaged in the busi-  
5 ness of betting or wagering may knowingly accept, in con-  
6 nection with the participation of another person in unlaw-  
7 ful Internet gambling—

8 (1) credit, or the proceeds of credit, extended to  
9 or on behalf of such other person (including credit  
10 extended through the use of a credit card);

11 (2) an electronic fund transfer or funds trans-  
12 mitted by or through a money transmitting business,  
13 or the proceeds of an electronic fund transfer or  
14 money transmitting service, from or on behalf of the  
15 other person;

16 (3) any check, draft, or similar instrument  
17 which is drawn by or on behalf of the other person  
18 and is drawn on or payable at or through any finan-  
19 cial institution; or

20 (4) the proceeds of any other form of financial  
21 transaction as the Secretary may prescribe by regu-  
22 lation which involves a financial institution as a  
23 payor or financial intermediary on behalf of or for  
24 the benefit of the other person.

25 (b) DEFINITIONS.—For purposes of this Act, the fol-  
26 lowing definitions shall apply:

1           (1) BETS OR WAGERS.—The term “bets or  
2       wagers”—

3           (A) means the staking or risking by any  
4       person of something of value upon the outcome  
5       of a contest of others, a sporting event, or a  
6       game subject to chance, upon an agreement or  
7       understanding that the person or another per-  
8       son will receive something of greater value than  
9       the amount staked or risked in the event of a  
10      certain outcome;

11          (B) includes the purchase of a chance or  
12      opportunity to win a lottery or other prize  
13      (which opportunity to win is predominantly sub-  
14      ject to chance);

15          (C) includes any scheme of a type de-  
16      scribed in section 3702 of title 28;

17          (D) includes any instructions or informa-  
18      tion pertaining to the establishment or move-  
19      ment of funds in an account by the bettor or  
20      customer with the business of betting or wager-  
21      ing; and

22          (E) does not include—

23              (i) any bona fide business transaction  
24              governed by the securities laws (as that  
25              term is defined in section 3(a)(47) of the



1 Securities Exchange Act of 1934) for the  
2 purchase or sale at a future date of securi-  
3 ties (as that term is defined in section  
4 3(a)(10) of such Act);

5 (ii) any transaction on or subject to  
6 the rules of a contract market designated  
7 pursuant to section 5 of the Commodity  
8 Exchange Act;

9 (iii) any over-the-counter derivative  
10 instrument;

11 (iv) any contract of indemnity or  
12 guarantee;

13 (v) any contract for life, health, or ac-  
14 cident insurance;

15 “(vi) any deposit or other transaction  
16 with a depository institution (as defined in  
17 section 3(c) of the Federal Deposit Insur-  
18 ance Act)

19 (vii) any participation in a simulation  
20 sports game or an educational game or  
21 contest that—

22 (I) is not dependent solely on the  
23 outcome of any single sporting event  
24 or nonparticipant’s singular individual

1 performance in any single sporting  
2 event;

3 (II) has an outcome that reflects  
4 the relative knowledge and skill of the  
5 participants with such outcome deter-  
6 mined predominantly by accumulated  
7 statistical results of sporting events;  
8 and

9 (III) offers a prize or award to a  
10 participant that is established in ad-  
11 vance of the game or contest and is  
12 not determined by the number of par-  
13 ticipants or the amount of any fees  
14 paid by those participants.

15 (2) BUSINESS OF BETTING OR WAGERING.—

16 The term “business of betting or wagering” does not  
17 include, other than for purposes of subsection (e),  
18 any creditor, credit card issuer, insured depository  
19 institution, financial institution, operator of a ter-  
20 minal at which an electronic fund transfer may be  
21 initiated, money transmitting business, or inter-  
22 national, national, regional, or local network utilized  
23 to effect a credit transaction, electronic fund trans-  
24 fer, stored value product transaction, or money

1 transmitting service, or any participant in such net-  
2 work.

3 (3) INTERNET.—The term “Internet” means  
4 the international computer network of interoperable  
5 packet switched data networks.

6 (4) UNLAWFUL INTERNET GAMBLING.—The  
7 term “unlawful Internet gambling” means to place,  
8 receive, or otherwise transmit a bet or wager by any  
9 means which involves the use, at least in part, of the  
10 Internet where such bet or wager is unlawful under  
11 any applicable Federal or State law in the State in  
12 which the bet or wager is initiated, received, or oth-  
13 erwise made.

14 (5) OTHER TERMS.—

15 (A) CREDIT; CREDITOR; AND CREDIT  
16 CARD.—The terms “credit”, “creditor”, and  
17 “credit card” have the meanings given such  
18 terms in section 103 of the Truth in Lending  
19 Act.

20 (B) ELECTRONIC FUND TRANSFER.—The  
21 term “electronic fund transfer”—

22 (i) has the meaning given such term  
23 in section 903 of the Electronic Fund  
24 Transfer Act; and

1 (ii) includes any fund transfer covered  
2 by Article 4A of the Uniform Commercial  
3 Code, as in effect in any State.

4 (C) FINANCIAL INSTITUTION.—The term  
5 “financial institution” has the meaning given  
6 such term in section 903 of the Electronic  
7 Fund Transfer Act.

8 (D) MONEY TRANSMITTING BUSINESS AND  
9 MONEY TRANSMITTING SERVICE.—The terms  
10 “money transmitting business” and “money  
11 transmitting service” have the meanings given  
12 such terms in section 5330(d) of title 31,  
13 United States Code.

14 (E) SECRETARY.—The term “Secretary”  
15 means the Secretary of the Treasury.

16 (c) CIVIL REMEDIES.—

17 (1) JURISDICTION.—The district courts of the  
18 United States shall have original and exclusive juris-  
19 diction to prevent and restrain violations of this sec-  
20 tion by issuing appropriate orders in accordance  
21 with this section, regardless of whether a prosecu-  
22 tion has been initiated under this section.

23 (2) PROCEEDINGS.—

24 (A) INSTITUTION BY FEDERAL GOVERN-  
25 MENT.—

1 (i) IN GENERAL.—The United States,  
2 acting through the Attorney General, may  
3 institute proceedings under this subsection  
4 to prevent or restrain a violation of this  
5 section.

6 (ii) RELIEF.—Upon application of the  
7 United States under this subparagraph,  
8 the district court may enter a preliminary  
9 injunction or an injunction against any  
10 person to prevent or restrain a violation of  
11 this section, in accordance with Rule 65 of  
12 the Federal Rules of Civil Procedure.

13 (B) INSTITUTION BY STATE ATTORNEY  
14 GENERAL.—

15 (i) IN GENERAL.—The attorney gen-  
16 eral of a State (or other appropriate State  
17 official) in which a violation of this section  
18 allegedly has occurred or will occur may in-  
19 stitute proceedings under this subsection to  
20 prevent or restrain the violation.

21 (ii) RELIEF.—Upon application of the  
22 attorney general (or other appropriate  
23 State official) of an affected State under  
24 this subparagraph, the district court may  
25 enter a preliminary injunction or an in-

1 junction against any person to prevent or  
2 restrain a violation of this section, in ac-  
3 cordance with Rule 65 of the Federal  
4 Rules of Civil Procedure.

5 (C) INDIAN LANDS.—

6 (i) IN GENERAL.—Notwithstanding  
7 subparagraphs (A) and (B), for a violation  
8 that is alleged to have occurred, or may  
9 occur, on Indian lands (as that term is de-  
10 fined in section 4 of the Indian Gaming  
11 Regulatory Act)—

12 (I) the United States shall have  
13 the enforcement authority provided  
14 under subparagraph (A); and

15 (II) the enforcement authorities  
16 specified in an applicable Tribal-State  
17 compact negotiated under section 11  
18 of the Indian Gaming Regulatory Act  
19 shall be carried out in accordance  
20 with that compact.

21 (ii) RULE OF CONSTRUCTION.—No  
22 provision of this section shall be construed  
23 as altering, superseding, or otherwise af-  
24 fecting the application of the Indian Gam-  
25 ing Regulatory Act.

1 (D) BANKING REGULATORS.—Before initi-  
2 ating any proceeding under this paragraph with  
3 respect to a violation or potential violation of  
4 subsection (e) by an insured depository institu-  
5 tion (as defined in section 3 of the Federal De-  
6 posit Insurance Act), the Attorney General of  
7 the United States or an attorney general of a  
8 State (or other appropriate State official)  
9 shall—

10 (i) notify the appropriate Federal  
11 banking agency (as defined in such sec-  
12 tion) of such violation or potential viola-  
13 tion; and

14 (ii) allow such agency a reasonable  
15 time to issue an order to such insured de-  
16 pository institution under section 8(x) of  
17 the Federal Deposit Insurance Act.

18 (3) EXPEDITED PROCEEDINGS.—

19 (A) IN GENERAL.—In addition to any pro-  
20 ceeding under paragraph (2), a district court  
21 may, in exigent circumstances, enter a tem-  
22 porary restraining order against a person al-  
23 leged to be in violation of this section upon ap-  
24 plication of the United States under paragraph  
25 (2)(A), or the attorney general (or other appro-

1           priate State official) of an affected State under  
2           paragraph (2)(B), in accordance with Rule  
3           65(b) of the Federal Rules of Civil Procedure.

4           (d) CRIMINAL PENALTY.—

5           (1) IN GENERAL.—Whoever violates this section  
6           shall be fined under title 18, United States Code, or  
7           imprisoned for not more than 5 years, or both.

8           (2) PERMANENT INJUNCTION.—Upon convic-  
9           tion of a person under this subsection, the court  
10          may enter a permanent injunction enjoining such  
11          person from placing, receiving, or otherwise making  
12          bets or wagers or sending, receiving, or inviting in-  
13          formation assisting in the placing of bets or wagers.

14          (e) CIRCUMVENTIONS PROHIBITED.—Notwith-  
15          standing subsection (b)(2), a creditor, credit card issuer,  
16          financial institution, operator of a terminal at which an  
17          electronic fund transfer may be initiated, money transmit-  
18          ting business, or international, national, regional, or local  
19          network utilized to effect a credit transaction, electronic  
20          fund transfer, or money transmitting service, or any par-  
21          ticipant in such network, may be liable under this section  
22          if such creditor, issuer, institution, operator, business, net-  
23          work, or participant—

24                  (1) operates, manages, supervises, or directs an  
25          Internet website at which unlawful bets or wagers



1        may be placed, received, or otherwise made or at  
2        which unlawful bets or wagers are offered to be  
3        placed, received, or otherwise made; or

4            (2) owns or controls, or is owned or controlled  
5        by, any person who operates, manages, supervises,  
6        or directs an Internet website at which unlawful bets  
7        or wagers may be placed, received, or otherwise  
8        made or at which unlawful bets or wagers are of-  
9        fered to be placed, received, or otherwise made.

10        (f) ENFORCEMENT ACTIONS.—Section 8 of the Fed-  
11        eral Deposit Insurance Act (12 U.S.C. 1818) is amended  
12        by adding at the end the following new subsection:

13            “(x) DEPOSITORY INSTITUTION INVOLVEMENT IN  
14        INTERNET GAMBLING.—If any appropriate Federal bank-  
15        ing agency determines that any insured depository institu-  
16        tion is engaged in any of the following activities, the agen-  
17        cy may issue an order to such institution prohibiting such  
18        institution from continuing to engage in any of the fol-  
19        lowing activities:

20            “(1) Extending credit, or facilitating an exten-  
21        sion of credit, electronic fund transfer, or money  
22        transmitting service with the actual knowledge that  
23        any person is violating section 3(a) of the Unlawful  
24        Internet Gambling Funding Prohibition Act in con-

1        nection with such extension of credit, electronic fund  
2        transfer, or money transmitting service.

3            “(2) Paying, transferring, or collecting on any  
4        check, draft, or other instrument drawn on any de-  
5        pository institution with the actual knowledge that  
6        any person is violating section 3(a) of the Unlawful  
7        Internet Gambling Funding Prohibition Act in con-  
8        nection with such check, draft, or other instru-  
9        ment.”.

10    **SEC. 304. INTERNET GAMBLING IN OR THROUGH FOREIGN**  
11            **JURISDICTIONS.**

12        (a) IN GENERAL.—In deliberations between the  
13        United States Government and any other country on  
14        money laundering, corruption, and crime issues, the  
15        United States Government should—

16            (1) encourage cooperation by foreign govern-  
17        ments and relevant international fora in identifying  
18        whether Internet gambling operations are being used  
19        for money laundering, corruption, or other crimes;

20            (2) advance policies that promote the coopera-  
21        tion of foreign governments, through information  
22        sharing or other measures, in the enforcement of  
23        this Act; and

24            (3) encourage the Financial Action Task Force  
25        on Money Laundering, in its annual report on

1 money laundering typologies, to study the extent to  
2 which Internet gambling operations are being used  
3 for money laundering.

4 (b) REPORT REQUIRED.—The Secretary of the  
5 Treasury shall submit an annual report to the Congress  
6 on the deliberations between the United States and other  
7 countries on issues relating to Internet gambling.

8 **TITLE IV—CURRENCY**  
9 **PROTECTION**

10 **SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OB-**  
11 **LIGATIONS.**

12 (a) COUNTERFEIT ACTS COMMITTED OUTSIDE THE  
13 UNITED STATES.—Section 470 of title 18, United States  
14 Code, is amended—

15 (1) in paragraph (2), by inserting “analog, dig-  
16 ital, or electronic image,” after “plate, stone,”; and

17 (2) by striking “shall be fined under this title,  
18 imprisoned not more than 20 years, or both” and in-  
19 serting “shall be punished as is provided for the like  
20 offense within the United States”.

21 (b) OBLIGATIONS OR SECURITIES OF THE UNITED  
22 STATES.—Section 471 of title 18, United States Code, is  
23 amended by striking “fifteen years” and inserting “20  
24 years”.

1       (c) UTTERING COUNTERFEIT OBLIGATIONS OR SE-  
2       CURITIES.—Section 472 of title 18, United States Code,  
3       is amended by striking “fifteen years” and inserting “20  
4       years”.

5       (d) DEALING IN COUNTERFEIT OBLIGATIONS OR SE-  
6       CURITIES.—Section 473 of title 18, United States Code,  
7       is amended by striking “ten years” and inserting “20  
8       years”.

9       (e) PLATES, STONES, OR ANALOG, DIGITAL, OR  
10       ELECTRONIC IMAGES FOR COUNTERFEITING OBLIGA-  
11       TIONS OR SECURITIES.—

12               (1) IN GENERAL.—Section 474(a) of title 18,  
13       United States Code, is amended by inserting after  
14       the second paragraph the following new paragraph:

15               “Whoever, with intent to defraud, makes, exe-  
16       cutes, acquires, scans, captures, records, receives,  
17       transmits, reproduces, sells, or has in such person’s  
18       control, custody, or possession, an analog, digital, or  
19       electronic image of any obligation or other security  
20       of the United States; or”.

21               (2) AMENDMENT TO DEFINITION.—Section  
22       474(b) of title 18, United States Code, is amended  
23       by striking the first sentence and inserting the fol-  
24       lowing new sentence: “For purposes of this section,  
25       the term ‘analog, digital, or electronic image’ in-

1 includes any analog, digital, or electronic method used  
 2 for the making, execution, acquisition, scanning,  
 3 capturing, recording, retrieval, transmission, or re-  
 4 production of any obligation or security, unless such  
 5 use is authorized by the Secretary of the Treasury.”.

6 (3) CLERICAL AMENDMENT.—The heading for  
 7 section 474 of title 18, United States Code, is  
 8 amended by striking “**or stones**” and inserting  
 9 “, **stones, or analog, digital, or electronic**  
 10 **images**”.

11 (f) TAKING IMPRESSIONS OF TOOLS USED FOR OBLI-  
 12 GATIONS OR SECURITIES.—Section 476 of title 18, United  
 13 States Code, is amended—

14 (1) by inserting “analog, digital, or electronic  
 15 image,” after “impression, stamp,”; and

16 (2) by striking “ten years” and inserting “25  
 17 years”.

18 (g) POSSESSING OR SELLING IMPRESSIONS OF  
 19 TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Sec-  
 20 tion 477 of title 18, United States Code, is amended—

21 (1) in the first paragraph, by inserting “analog,  
 22 digital, or electronic image,” after “imprint,  
 23 stamp,”;

1           (2) in the second paragraph, by inserting “ana-  
 2       log, digital, or electronic image,” after “imprint,  
 3       stamp,”; and

4           (3) in the third paragraph, by striking “ten  
 5       years” and inserting “25 years”.

6       (h) CONNECTING PARTS OF DIFFERENT NOTES.—  
 7       Section 484 of title 18, United States Code, is amended  
 8       by striking “five years” and inserting “10 years”.

9       (i) BONDS AND OBLIGATIONS OF CERTAIN LENDING  
 10      AGENCIES.—The first and second paragraphs of section  
 11      493 of title 18, United States Code, are each amended  
 12      by striking “five years” and inserting “10 years”.

13      **SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OB-**  
 14                                   **LIGATIONS.**

15      (a) FOREIGN OBLIGATIONS OR SECURITIES.—Sec-  
 16      tion 478 of title 18, United States Code, is amended by  
 17      striking “five years” and inserting “20 years”.

18      (b) UTTERING COUNTERFEIT FOREIGN OBLIGA-  
 19      TIONS OR SECURITIES.—Section 479 of title 18, United  
 20      States Code, is amended by striking “three years” and  
 21      inserting “20 years”.

22      (c) POSSESSING COUNTERFEIT FOREIGN OBLIGA-  
 23      TIONS OR SECURITIES.—Section 480 of title 18, United  
 24      States Code, is amended by striking “one year” and in-  
 25      serting “20 years”.

1 (d) PLATES, STONES, OR ANALOG, DIGITAL, OR  
2 ELECTRONIC IMAGES FOR COUNTERFEITING FOREIGN  
3 OBLIGATIONS OR SECURITIES.—

4 (1) IN GENERAL.—Section 481 of title 18,  
5 United States Code, is amended by inserting after  
6 the second paragraph the following new paragraph:

7 “Whoever, with intent to defraud, makes, exe-  
8 cutes, acquires, scans, captures, records, receives,  
9 transmits, reproduces, sells, or has in such person’s  
10 control, custody, or possession, an analog, digital, or  
11 electronic image of any bond, certificate, obligation,  
12 or other security of any foreign government, or of  
13 any treasury note, bill, or promise to pay, lawfully  
14 issued by such foreign government and intended to  
15 circulate as money; or”.

16 (2) INCREASED SENTENCE.—The last para-  
17 graph of section 481 of title 18, United States Code,  
18 is amended by striking “five years” and inserting  
19 “25 years”.

20 (3) CLERICAL AMENDMENT.—The heading for  
21 section 481 of title 18, United States Code, is  
22 amended by striking “**or stones**” and inserting  
23 “**, stones, or analog, digital, or electronic**  
24 **images**”.

1 (e) FOREIGN BANK NOTES.—Section 482 of title 18,  
 2 United States Code, is amended by striking “two years”  
 3 and inserting “20 years”.

4 (f) UTTERING COUNTERFEIT FOREIGN BANK  
 5 NOTES.—Section 483 of title 18, United States Code, is  
 6 amended by striking “one year” and inserting “20 years”.

7 **SEC. 403. PRODUCTION OF DOCUMENTS.**

8 Section 5114(a) of title 31, United States Code (re-  
 9 lating to engraving and printing currency and security  
 10 documents), is amended—

11 (1) by striking “(a) The Secretary of the Treas-  
 12 ury” and inserting:

13 “(a) AUTHORITY TO ENGRAVE AND PRINT.—

14 “(1) IN GENERAL.—The Secretary of the  
 15 Treasury”; and

16 (2) by adding at the end the following new  
 17 paragraph:

18 “(2) ENGRAVING AND PRINTING FOR OTHER  
 19 GOVERNMENTS.—The Secretary of the Treasury  
 20 may, if the Secretary determines that it will not  
 21 interfere with engraving and printing needs of the  
 22 United States, produce currency, postage stamps,  
 23 and other security documents for foreign govern-  
 24 ments, subject to a determination by the Secretary



1 of State that such production would be consistent  
2 with the foreign policy of the United States.”.

3 **SEC. 404. REIMBURSEMENT.**

4 Section 5143 of title 31, United States Code (relating  
5 to payment for services of the Bureau of Engraving and  
6 Printing), is amended—

7 (1) in the first sentence, by inserting “, any for-  
8 eign government, or any territory of the United  
9 States” after “agency”;

10 (2) in the second sentence, by inserting “and  
11 other” after “administrative”; and

12 (3) in the last sentence, by inserting “, foreign  
13 government, or territory of the United States” after  
14 “agency”.

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